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NEWS SUMMARY

GENERAL
N-plant reactor danger reduced
 U.S. engineers yesterday claimed some success in reducing the dangerous build-up of hydrogen gas in the damaged reactor at the Pennsylvania nuclear plant.
 Pennsylvania's civil defence authorities, however, were still preparing plans for the possible evacuation of 500,000 residents within 20 miles of the Three Mile Island plant.
 The accident sparked heavy sales of nuclear power-related stocks in Wall Street, and five were halted temporarily. Back Page

Town bombed
 Tanzanian jets made a second bombing raid on Uganda. They attacked the town of Jinja about 50 miles from Kampala, the capital, after Sunday's raid on Entebbe airport. Tanzanian artillery is also believed to have hit a Kampala fuel depot. Page 4

Begin arrives
 Israeli Premier Menachem Begin arrived in Egypt to a cool reception for his historic State visit. In Beirut, the U.S. Embassy was damaged in a rocket attack after Palestinian guerrilla leaders threatened to strike at U.S. interests in the Middle East. Editorial Comment Page 25

Cabinet cleared
 The Erasmus Commission cleared all members of the South African Cabinet of having had prior knowledge of irregularities in the former Information Department or of secret State financing of the Citizen, the pro-Government newspaper. Page 4

Iran peace pact
 The Iran Government and Turkmen tribesman in northeast Iran have reached a peace deal after eight days of fierce street fighting.

Observer vote
 The U.S. House of Representatives sub-committee on Africa yesterday voted unanimously not to send observers to monitor the Rhodesian elections this month, putting an end to the proposals agreed earlier by the Senate.

Parliament ends
 President Sandro Pertini dissolved the Italian Parliament, and cleared the way for an early General Election, expected on June 9 and 10. Page 2

Costly sport
 A fan who threw an apple into the crowd at Saturday's FA Cup semi-final between Arsenal and Wolves was fined £400 by Birmingham magistrates. Another 38 supporters were also each fined £400 for threatening behaviour.

Briefly...
 More than 100 people drowned when a Vietnamese refugee boat overturned as it was being towed out to sea by a Malaysian police vessel.
 At least 20 people died in a collision between a train and an oil tanker in central Thailand.
 Ulster policeman and two civilians were injured in a car bomb blast in South Armagh.
 Expulsion of Taiwan from the International Athletic Federation last October was ruled invalid by High Court judge Mr. Justice Forbes.

CHIEF PRICE CHANGES YESTERDAY
 (Prices in pence unless otherwise indicated)

RISERS	
Eschequer 10pc 1983	2771 + 1
Eschequer 10pc 1988	11062 + 1
Appleyard	106 + 6
BB & EA	85 + 14
Bambers	258 + 18
Blue Circle	345 + 2
Cape Inds.	194 + 8
Catalin	61 + 7
Dutton-Forsyth	53 + 34
Erlit	120 + 5
Grand Met.	161 + 5
Grant Bros.	105 + 11
Loeff (G. F.)	68 + 4
Macfarlane Grp.	98 + 10
Melody Mills	142 + 9
Norfolk Can.	51 + 3
North (M. F.)	45 + 4
Ocean Transport	104 + 44
FALLS	
Bowster	196 - 4
Dorington	52 - 2
Fremans (Lom.)	188 - 5
MFI Furniture	340 - 15
Mersey Docks	29 - 54
Raters	80 - 2
Highlands	106 - 9
De Beers Deid.	338 - 13
Pancontinental	700 - 125
Southvaal	513 - 18

Callaghan ensures Labour's manifesto will be moderate

BY RICHARD EVANS, LABOUR EDITOR

Mr. James Callaghan outmanoeuvred the far Left of the Labour Party yesterday and ensured that the party's manifesto for the May 3 General Election will be essentially a moderate document.

The Prime Minister successfully proposed at a meeting of the party's National Executive Committee called to prepare the manifesto that the drafting should be left to a sub-committee of nine, and this was accepted against the wishes of four Left-wing hardliners.

The carefully picked membership of the drafting committee, which includes Mr. Callaghan, Mr. Denis Healey, Chancellor of the Exchequer, and Mr. Michael Foot, Deputy Leader, means that the more extreme economic policies advocated by a majority of the NEC will have virtually no chance of surviving.

The draft will be presented at a joint meeting of the Cabinet and the NEC for approval on Friday, and the present intention is to publish the completed manifesto on Saturday.

Conservative election preparations are virtually complete and the party's manifesto, after endorsement by the Shadow Cabinet this week, will be published early next week. Mr. Margaret Thatcher, Con-

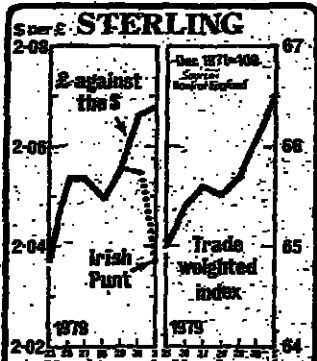
servative leader, launched her campaign last night in a television broadcast, in which she stressed the policy differences between the two major parties, and the Tories' intention of cutting taxes as a priority.

She countered Mr. Callaghan's attempts in his Ministerial broadcast last Thursday to frighten the electorate. He had painted a picture of the Conservatives "tearing everything up by the roots."

"We are the party of roots, of tradition. Paying your way is not tearing things up by the roots. Paying your way is good husbandry. Paying your way is planting for the future."

The official Labour campaign is to be launched on Monday with press conferences each morning but the Conservatives are anxious to delay the start of their campaign until later in the week.

Parliament, Page 11



Sterling continues rise

By Peter Riddell, Economics Correspondent

STERLING ROSE sharply again yesterday in foreign exchange markets — even on a day when the dollar was very firm.

The trade-weighted index, measured against a basket of other currencies, jumped by 0.4 to 66.5. This almost equals last year's peak touched in February which was the highest level since summer 1976.

The index has risen by 2.3 per cent in the last fortnight and by 5 per cent in the last two months. Intervention has been limited, though regular, and most of the pressure has been reflected in the rate.

The pound has risen particularly sharply against currencies which have been hard hit by the rise in oil prices, notably Japan. Sterling has risen by 94 per cent against the yen in the last two months and by 18 per cent since early November.

The Bank of Japan has intervened heavily to check the decline — around \$3.5bn last month alone. The bank was yesterday reported to have spent about \$700m in support.

However, the dollar rose against the yen from ¥209.70 to ¥211.90 and advanced against most other currencies, apart from the pound. Consequently the trade-weighted index, as calculated by the Bank of England, rose 0.3 to 65.2, an increase of just over 3 per cent so far this year.

The pound rose 15 points against the dollar to \$2.0875 after a day's high of \$2.0750.

One result of sterling's strength was a further fall in the Irish punt, whose links with the pound were broken on Friday. The punt slipped to £0.9865 and closed at £2.0375. Continued on Back Page Money markets, Page 36

Civil Service strikes cause disruption

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVANTS throughout the country went on strike, over pay, yesterday, causing widespread disruption of Government work, air traffic and court hearings.

The Civil Service trade unions estimated that about 400,000 staff had gone on strike, though the Civil Service Department put the figure at 300,000, or about half the total complement of white-collar civil servants.

Work in many major Government Departments was curtailed.

About 70 per cent of staff in the Department of Health and Social Security were out; 65-70 per cent in the Department of Employment; 60 per cent inland Revenue; 50 per cent Department of Trade, Industry and Prices; taken together, 20 per cent each Cabinet Office and Civil Service Department; and 18 per cent Treasury.

The majority of local job centres, aid employment and social security offices were closed.

About a third of county court offices were closed, with 30 sittings cancelled. 100 Crown Court sittings were cancelled, including 18 at the 14 Bailey, though the main reason was not a strike by court ushers, but warders refusing to bring prisoners to court. All judges in the High Court in London were sitting.

The main Inland Revenue computer at Worthing was shut, and some local tax offices closed. A DHSS computer at Reading, and the CSD computer at Norwich, were closed. The Driver and Vehicle Licensing Centre at Swansea was shut.

Air traffic was hit by action of air traffic control assistants and Customs and Immigration officials. Heathrow reported cancellation of about 150 flights, with delays to incoming aircraft, of up to eight hours at one point, and of four hours to departing aircraft.

About 10 prisons were placed on alert because of the overtime ban, and other industrial action by members of the Prison Officers' Association.

Foreign Office communications were severely curtailed, and scientists at the United Kingdom Atomic Energy Authority centre at Harwell came out, though staff gave assurances that they would maintain safety checks.

Parliament, 10 Downing Street, Whitehall, Ministries, law courts, and Government buildings throughout the country were picketed. The Tower of London and the Victoria and



Mr. Hattersley: no backstairs deals

Albert and Science Museums in London were closed, though the Tate and National Galleries remained open.

The Civil and Public Services Association and the Society of Civil and Public Servants, representing mainly clerical and executive grades, estimated that more than 90 per cent of their members took part in the stoppage. Support was strong in the Civil Service Union representing lower grades, and the Inland Revenue Staff Federation.

Many members of the IRSF and the CSU at mass meetings criticised their union leaders for taking part in "secret" talks on pay last week between five unions and Mr. Roy Hattersley, the Prices Secretary.

Mr. Hattersley said that talk of "backstairs deals" was "simply rubbish." All the participants of the meeting were anxious that their general secretaries of the CPSSA and the Society of Civil and Public Servants should attend, but they were unable to be contacted, even by other union leaders.

Mr. Bill Kendall, secretary-general of the National Staff Side of the Civil Service National Whitley Council, said Mr. Hattersley had "grossly bungled the whole affair."

The meeting, at which details of the Government's present pay offer of 9 per cent now, with half the rest of the rises due from the Pay Research Unit comparability studies to be paid in August and the other half in March, were put forward before the official pay talks, has caused a serious crisis in the Staff Side.

Editorial comment, Page 28

Surcharges introduced on half OPEC output

BY KEVIN DONE, ENERGY CORRESPONDENT

SPECIAL SURCHARGES have been introduced on almost half of the Organisation of Petroleum Exporting Countries' crude oil production.

The increases introduced by Abu Dhabi, Qatar, Iraq, Kuwait, Venezuela, and the three North African producers will push up prices in the second quarter by 24.3 per cent over the final quarter of last year.

In addition both Iran and Indonesia are expected soon to announce surcharges above the basic 9 per cent increase agreed by OPEC in Geneva last week.

This will leave Saudi Arabia effectively the only important OPEC producer not to have implemented additional increases in the second quarter above the basic OPEC rises.

Last year Saudi Arabia accounted for about 28 per cent of OPEC production, but this share has risen over the past three months as Saudi output has increased to meet some of the shortfall from Iran.

As Iranian production continues to rise, however, it is probable that Saudi Arabia will eventually cut back production by 1m barrels a day to 8.5m barrels.

Even if Saudi Arabia holds to its present decision not to

CRUDE OIL PRICE INCREASES (US \$ per barrel)

	4th quarter 1978	1st quarter 1979	1st quarter 1979 plus surcharge	2nd quarter 1979 plus surcharge	2nd quarter 1979 plus surcharge Dec. 31
Abu Dhabi	13.26	14.10	15.12	15.30	29
Murban	13.19	14.03	15.05	15.39	29
Qatar	12.22	12.83	14.03	13.99	24
Dukhan	12.66	13.29	14.49	14.50	24
Kuwait	12.22	12.83	14.03	13.99	24
Iraq Basrah	12.66	13.29	14.49	14.50	24
Iraq Light	12.66	13.29	14.49	14.50	24
Saudi Arabia Light	12.70	13.34	—	14.54	14.5
Algeria Saharan	14.10	14.81	—	16.15	18.55
North Sea	14.00	15.50	—	18.00	28
Forbes*	14.00	15.50	—	18.00	28

* Estimated prices.

introduce extra surcharges, three-quarters of OPEC production will be carrying special increases to take account of the tightness in world oil supplies caused chiefly by the 10-week loss of crude oil exports from Iran.

After the OPEC meeting in Geneva it appeared that Abu Dhabi might follow Saudi Arabia's example by implementing only the basic 9 per cent increase. But yesterday it announced that it was also increasing its special premium for its light crudes.

As a result the Government's selling price for its Murban oil has risen to \$14.50. Continued on Back Page

Ocean Transport keeps dividend

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

PRE-TAX PROFITS of Ocean Transport and Trading, the Liverpool shipping group, fell from £26m in 1977 to £10m last year, but the company is to maintain its dividend.

Relief at the dividend decision pushed the shares 43p higher to 104p. Sir Lindsay Alexander, Ocean's chairman, warned that prospects for 1979 looked "gloomier now than in the middle of last year."

The group's liner shipping interests have suffered severely this year from bottlenecks caused by the Nigerian Government's pre-shipments inspection scheme.

Sir Lindsay said there had been "a virtual standstill in carryings" in the first quarter of the year, though in the longer term he hoped the system would make the volatile Nigerian trade more stable.

The group's liner shipping results would recover slowly, and "the worst may be over in our own marine environment."

Diversification out of shipping had helped create a more solid financial base, but Sir Lindsay refused to make commitments about dividend payments for 1979. Results for that year would be "modestly better" than in 1978.

The group's financial position has been eased by 27 ship sales since the beginning of last year, though seven new ships remain to be delivered from Japan, Poland and Scotland.

Savings are expected to result this year from the recently announced reorganisation of the group's structure, and some long term debt has been refinanced, partly to fund possible future purchases of non-marine companies.

Ocean confirmed yesterday that it had talks with the Government about possible assistance with debt restructuring.

The Department of Trade officials have held wide-ranging discussions with the industry about a possible extension of the debt moratorium scheme for small tramp-ship owners announced last May.

P & O, whose results are expected next month, has been involved in similar talks.

Details, Page 36



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EUROPEAN NEWS

Dissolution clears way for Italian general election

BY PAUL BETTS IN ROME

PRESIDENT Sandro Pertini yesterday dissolved Italy's Parliament and cleared the way for an early general election. Polling is expected to take place on July 9 and 10, at the same time as direct elections to the European Parliament.

Mr. Pertini's decision comes after two months of unsuccessful attempts to find a compromise acceptable to the two main parties, the Christian Democrats and the Communists.

The defeat of Stg. Giulio Andreotti's coalition of Christian Democrats, Republicans and Social Democrats in a Senate confidence debate at the weekend left the President with no alternative.

The deadlock between the main parties was demonstrated

again yesterday by Communist insistence on direct participation in any new Government of "national unity" and by equally firm Christian Democrat rejection of the idea of Communist Cabinet Ministers.

The dissolution makes the present Parliament the third in succession to be interrupted before the completion of its five-year term.

The Christian Democrats are expected to make some gains in the election. The Communists stand to lose ground after their record 34.4 per cent of the popular vote in the inconclusive June 1976 election and 20 years of practically uninterrupted electoral advances.

Following their decision to withdraw from the Parliamentary majority and return to opposition in January, the Com-

munist appear to have regained some of the ground lost on the left. Their alliance with the Christian Democrats provoked increasing tension and discontent in the party rank-and-file.

The election campaign comes at a time of renewed economic anxiety, with a renewal of inflation and possible repercussions from the Bank of Italy affair.

Figures released at the weekend show a 1.7 per cent increase in wholesale prices in February confirming the trend of recent months. Retail prices increased by 1.5 per cent, representing an annual rate of 13.4 per cent compared with the official target of 12 per cent for this year.

There is also concern that the recent renewal of political violence may cast its shadow over the election campaign.



M. Wilfried Martens: naming a Cabinet soon

Five-party coalition for Belgium

By Margaret Van Hattem in Brussels

BELGIUM'S six months under a caretaker government are to end this week with the formation of a new five-party coalition.

King Baudouin yesterday announced the appointment as formateur of M. Wilfried Martens, president of the Flemish Social Christians, who is expected to name his Cabinet in a few days.

Compromise

The coalition, founded on a compromise drawn up by the previous formateur and caretaker Prime Minister, M. Paul Van den Boeynants, will include five of the six members of the coalition of M. Leo Tindemans, which fell in October. The exception is the Flemish National Party, the Volksunie. Few changes are expected other than the replacement of Volksunie Ministers.

The five remaining parties, the Flemish and Francophone Social Christians, the Flemish and Francophone Socialists and the Brussels-based Francophone Democratic Front, decided at party congresses last week to form a new Government.

Over the past six months, successive formateurs and mediators have tried unsuccessfully to overcome the stalemate over constitutional reforms to settle the language rivalries between Flemish-speaking and French-speaking communities. The breakthrough came last week when it became apparent that the only alternative would be to call new elections, in the hope of getting a more decisive result than at last December's polls.

Complicated

M. Martens' task may be complicated by the decision of his party rival, M. Tindemans, to seek election as president of the Flemish Social Christians, once M. Martens vacates the post to become Prime Minister.

Swiss rules bite

The number of foreigners resident in Switzerland fell to below 900,000 at the end of 1978, continuing a steady decline which began in 1975 after strict regulations were passed limiting the foreign labour force. Just under half were Italians and about 1.5 per cent British.

Henry Ford in talks with Giscard

BY TERRY DODSWORTH IN PARIS

FRENCH hopes of attracting Ford's proposed new European car assembly plant to one of its depressed steel regions were kept alive yesterday by talks between President Giscard d'Estaing and Mr. Henry Ford II, chairman of the U.S.-based group.

No communique was issued afterwards but the indications are that talks are still in progress in France as the Ford company makes its decision between the claims of several countries. Austria, Germany, Spain and Portugal have all been in the running.

Attraction of a large new

factory in Lorraine, the worst-hit northern steel-making zone, would be of great political value to the French Government, which is under heavy pressure because of rising unemployment.

Although the French site would be geographically convenient for Ford, it is not clear whether the Government could match rival offers in development assistance. Estimates of the sum that might be made available in a mixture of grants and loans, range between \$250m and \$440m, depending on the size of total investment in the

plant, which is expected to cost at least \$1bn.

David Sater reports from Moscow: The French President will start his deferred visit to Moscow on April 26, the Soviet news agency, Tass announced yesterday.

The setting of a firm date for the visit, which was postponed last week because of the ill health of Mr. Leonid Brezhnev, the Soviet President, appears to confirm that Mr. Brezhnev is not seriously unwell.

The French were informed that Mr. Brezhnev was suffering from influenza when M. Giscard

d'Estaing's visit, which was to have begun on March 29, was postponed. An official announcement yesterday said the Soviet leader was still recovering from catarrhal pleuritis.

Before the new date, Mr. Brezhnev, who is 72, can be expected to address the Supreme Soviet in two weeks time. As President, Mr. Brezhnev must be there to preside.

The Soviet and French leaders have been meeting regularly since the 1960s and Mr. Giscard d'Estaing's visit returns that made by Mr. Brezhnev to Paris in 1977.

Mitterrand beats off leadership challenge

BY ROBERT MAUTHNER IN PARIS

M. FRANCOIS MITTERRAND, whose position as leader of the French Socialist Party has been increasingly threatened over the past few months, scored a significant victory over his rivals at a meeting on Sunday.

With 40 per cent of regional delegates voting for the policy resolution due to be submitted by M. Mitterrand to the Socialist Party's national congress next weekend, compared with only 20 per cent for that of M. Michel Rocard, his nearest rival, the party leader now appears to be assured of re-election.

The 62-year-old M. Mitterrand is also well placed to win the party's endorsement for his candidacy in the 1981 Presidential election, though this is by no means a foregone conclusion.

two previous Presidential elections—against Gen. de Gaulle in 1965 and against M. Giscard d'Estaing in 1974—M. Mitterrand is far from being every Socialist's favourite choice for the nomination.

The only other real contender within the party, M. Rocard, 13 years M. Mitterrand's junior, is still considered by many to lack the weight and popular support to beat M. Giscard d'Estaing, who will, almost certainly, run for a second term.

The improvement in M. Mitterrand's standing in the party was clearly helped by the results of the recent local elections, in which the Socialists made very substantial gains at the expense of the Government's coalition parties.

these elections has been presented by M. Mitterrand as reflecting wide support for his policy of persevering with the Union of the Left. This is despite both the general election defeat it suffered last year and the continued attacks by the Communists on their erstwhile partners.

But the meeting of regional delegates two days ago showed the Socialist party is still seriously split into three or four main factions. To win the backing of an absolute majority of the party at its congress next weekend, M. Mitterrand will have the almost impossible task of trying to reconcile the views of his own supporters either with the Social Democrat aspirations of the Rocard group, or with the anti-European and neo-Communist policies of the Left-wing of his party.



M. Francois Mitterrand

An unsuccessful candidate in

The Socialists' success in

Irish currency dealings at risk

BY STEWART DALBY IN DUBLIN

COMPLICATIONS in Ireland's infant sterling-punt foreign exchange market are in prospect following threats by the Irish Bank Officials' Association (IBOA) to take industrial action unless its 15,000 members obtain compensation for the extra work involved. Dealings could possibly be suspended.

The central bank cut the link last Friday, as sterling, with which the Irish punt had hoped to continue its parity, broke through the upper limit of the 2 1/2 per cent permissible margin of fluctuation within the European Monetary System.

Last night at the close of business the mid-market exchange rate for spot dealings was 0.9865 to the pound.

The IBOA has long been threatening some form of action if the break between the two currencies came into effect and last Thursday they asked the four main associated banks if

they had any proposals for compensation.

Although the union leadership has denied that a seven-day ultimatum has been given for the associated banks to come up with a deal, it is understood that union leaders are seeking meetings with the Bank Staff Relations Committee.

Failure to reach an agreement could result in punt-sterling dealings being suspended not only in the Republic but also in Northern Ireland, where the four main associated banks are strongly represented.

More than half of Ireland's foreign exchange dealings are estimated to be transacted in sterling. The disruption to foreign trade could, therefore, be considerable.

It is too early to say what the effect on trade will be, as a result of the break with sterling, but in theory there should be a competitive advantage to exporters, although not as much

of one as the trade figures would suggest.

Ireland sends 47 per cent of its exports to Britain. Over half of this comprises agricultural goods, for which prices are fixed under the EEC common agricultural policy. Much of the remaining portion consists of items like clothing and footwear, for which the bought-in or imported component is high.

Some 48.9 per cent of Ireland's imports still come from the UK, approximately half consumer goods, particularly consumer durables. The rest is capital goods or raw materials.

The competitive advantage of the de facto devaluation of the punt could, therefore, be eroded by the high cost of imported materials. Also if the inflationary effect of higher priced imports leads to a new round of wage demands, it could have a dire effect on Ireland's balance of payments.

E. Europe plays down nuclear leak

By Leslie Collett in Berlin

THE GOVERNMENT Press in Communist countries is playing down the emergency at the nuclear power station near Harrisburg, Pennsylvania. This is being done so as not to cause unrest among East Europeans over Soviet-designed nuclear electricity stations.

Nenes Deutschland, East Germany's Communist Party newspaper, has broken the silence by printing a brief item from the East German news agency.

It says a "technically inadequate and defective cooling system" is the cause of an "accident" in a new nuclear station, according to U.S. scientists.

The report adds that the scientists are working to get the "resulting symptoms" under control.

The long silence in Eastern Europe and this cryptic news report reflect the concern of Communist Governments that anti-nuclear sentiments could develop, as in the West.

East Germany, like other Communist countries, has assured its population that the existing nuclear power stations at Greifswald and one under construction at Stendal are "thoroughly tested superior technological products of the Soviet Union which are the safest known to man."

But suggestions of nuclear accidents in the Soviet Union and Czechoslovakia have quickly spread in Eastern Europe and gained credibility.

East Germany is believed to be preparing a site near the West German border for depositing its nuclear waste.

Dutch economy 'very vulnerable'

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH economy is "very vulnerable," with hourly wages costs 35 per cent higher than in the rest of the EEC.

The cut in the working week by five hours to 35 hours—now being sought by the unions—would mean wages would be nearly 50 per cent higher in Holland than elsewhere in the Community, Mr. Cornelis Van Den Beld, Central Planning Office, director, said.

Overall, the picture of the Dutch economy painted by the planning office—the main Government forecasting body—is gloomy.

Further uncertainties are aroused by the recent OPEC oil price increase, the effects of which are still being calculated, and by current wage negotiations.

Bright spots are rising exports, a slight increase in

industrial production, and stabilisation of unemployment at about 210,000. But the size of the Government financing deficit, now around 6 per cent of national income, gives the authorities little room for manoeuvre, the planning office warns.

Dutch exports are expected to rise 6 per cent in 1979, double the rate of last year. Imports are forecast to rise only 4 per cent, against 5.5 per cent, because of an increase in the price of imported goods.

Gross National Product is expected to rise by 2.5 per cent, compared with 2 per cent in 1978. Wage costs will increase less steeply this year, by 6.5-7 per cent, against 7.7-5 per cent last year.

The company has an existing inflation will probably rise to 4.5 per cent, after falling to

four per cent last year. This forecast, based on the assumption that currency rates remain stable, does not take into account the extra inflationary effect of the recent oil price increase.

Holland will continue to run a balance of payments deficit this year of about Fl. 1.5bn (£380m), after moving into deficit of Fl. 2.5bn (£595m) in 1978 for the first time in seven years. Reversing this trend must be given top priority, Mr. Van Den Beld said.

Investment by industry will decline marginally this year after rising six per cent in 1978. This is because of the sluggish rate of economic growth, while the bad winter cut building industry spending. The fall would be even sharper but for the boost given by Government incentive schemes.

Report attacks wasted state aid

BY OUR AMSTERDAM CORRESPONDENT

GOVERNMENT aid to Dutch industry is often wasted because of a lack of supervision or because the wrong companies are supported, the General Audit Office says in its annual review of state spending.

It reveals that Ministers and other senior officials claimed for private dinners on their expenses.

At the other end of the scale, labour exchange clerks were threatened with violence if they did not continue paying unem-

ployment benefit to people who had since gone back to work.

One textile factory has been given more than Fl. 25m (£6m) over the past five years and there is still no certainty that the company can be saved, the Audit Office says. In the meantime many of the employees have left.

It cites another instance of a leather factory given more than Fl. 4m in aid, over which there was not supervision and which can not now be accounted for.

Ministers and State Secretaries claimed hotel, meal and travelling expenses which they incurred during last year's local and regional election campaigns, although these costs should have been met from party funds, the Office says. Top officials also gave no details of lunch and dinner guests to the Audit Office was unable to see if they were private or official occasions. Private dinners with other officials were also claimed.

Threats of violence from people on the dole meant that labour exchange clerks were afraid to stop paying unemployment benefits.

IATA delays fares move

BY BRIJ KHINDARIA IN GENEVA

THE International Air Transport Association (IATA) has put off for another decision on passenger fare increases and higher freight charges following last week's oil price rises announced by the Organisation of Petroleum Exporting Countries.

Tensions have developed among the conference's participants because of the cost increases thrust on all airlines at a time when IATA is going through its worst crisis arising partly from cheap charter fares and

fierce competition among the scheduled airlines.

The American airlines are still arguing for the maximum possible leeway for them to operate their own fares, but the Europeans have toughened their opposition and negotiations yesterday were said to be at a particularly delicate stage.

Officials said an across-the-board fares increase of about 5 per cent was likely to make up for the impact of the 9 per cent oil price rise. The size of fare increases would vary significantly according to regions and sectors.

In a reaction Mr. Willem Albeda, the Social Affairs Minister, said it was wrong to suggest that this was common. The threats were rarely followed by deeds, he said.

The Audit Office also reports that the Culture Ministry published a quarterly English language magazine devoted to the painter Vincent Van Gogh. Subsidies were maintained for eight years although at one stage only 200 of the 3,000 mazzettes printed were being sold and the venture led to a loss of Fl. 235,000 (£61,000).

The Office's power to demand that state-owned companies open their books should be increased, says Mr. H. Peschar, the chairman.

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Jimmy Burns, in Lisbon, on a new political group

PM backs 'broad alliance'

PRIME MINISTER Carlos Mota Pinto, of Portugal has given his public support to the formation of a new political group which would by-pass party divisions and present a broad "democratic alliance."

Speaking in a weekend radio interview, Sr. Mota Pinto said that the lack of consensus among Portugal's main political parties was working against "a stable democratic future." He suggested that the new group, which was being "generated by the present political crisis," could include a wide social and political spectrum, ranging from Christian Democrats to the "democratic Left."

Although he did not expand his remarks, they have coincided significantly with mounting and apparently well-founded speculation that a new political grouping is being formed.

Sr. Mota Pinto did not cast any light on the suggestion that, in the event of his budget proposals being defeated for the second time, in Parliament, he himself might be preside over such an alliance along the lines of Spain's UCD, which is led by the Prime Minister, Sr. Adolfo Suarez.

The idea of a "broad democratic union" is reliably believed, however, to have the backing of certain sectors of the small Christian Democratic Party and of both present and former members of the two main political parties, the Socialists and the Socialist Democrats (PSD). These individuals feel themselves alienated from the uncompromising positions struck by their party leadership.

In an interview published yesterday Sr. Mario Soares, the Socialist leader, said that

his party would only consider joining such an alliance if the next general election failed to produce a clear majority. He suggested that a new political grouping could threaten the country's parliamentary system.

Meanwhile, the PSD appears to be deeply divided following the unexpectedly tough opposition by Sr. Francisco sa Carneiro, the party leader against the Government's economic policies.

During a weekend meeting of the party's national council, the PSD leadership publicly condemned its own parliamentary group for breaking with party discipline during the crucial budget debate. Party PSD deputies of the party's parliamentary representation of 73 walked out of parliament just before the final vote was taken last month. Of those remaining in the chamber



Sr. Carlos Mota Pinto

five voted for the government. Among a number of PSD resignations expected within the next few days is that of law professor Antonio Sousa Franco. Prof. Sousa Franco briefly led the party last year in an attempt to steer it in a more moderate direction.

Why is the yen out of step?

BY RICHARD C. HANSON IN TOKYO

THE SHARP drop in the value of the yen recently will give little for Japan or its major trading partners to cheer about if it continues. At home, the decline threatens to accelerate the pace of inflation and slow economic growth. Overseas, it means Japanese products could regain lost competitive export strength while imports from others become less attractive.

The yen began the week in Tokyo with a sharp fall to ¥211.10 per U.S. dollar at the close yesterday from ¥208.30 on Friday, despite fairly stiff (if unconvincing) support from the Bank of Japan. The yen, in fact, has become in recent weeks the odd-currency-out in world exchange markets. While other strong currencies have held their own, the yen is at its lowest levels in nine and a-half months.

The immediate cause is that oil is now considered bearish for the yen, increasingly so since mid-March. The underlying condition, however, is that Japan has been running large deficits in its overall international balance of payments for six months (if March turns out to be a deficit month as expected).

Japanese monetary authorities have reacted to the decline in the yen's value by selling huge amounts of the foreign currency reserves which were built up through intervention in support of the dollar during most of last year.

Those reserves increased to an all-time high of \$33.109bn

by January this year from \$23.375bn in January 1978. (about 80 per cent of the increase was due to dollar buying intervention).

Since then, however, the Bank of Japan has sold about \$3.8bn. In March alone, the central bank dumped an estimated \$3.5bn on the Tokyo market causing a record dollar selling so far this year left for the entire October-March period a dollar shortage in Tokyo of about \$2.5bn.

This situation contrasts with what happened in the first nine months of 1978 when the balance of payments rolled up a surplus of \$7.3bn and the Ministry of Finance had to place about \$2.5bn with foreign exchange

It was also the only weapon Mr. Fukuda had to hold down inflation (a higher yen decreases the cost of imported goods).

It could be argued that the depreciation of recent days will once again provide the Government with a situation in which appreciation could play a valuable role.

A projection of the trends in exports and imports for January and February indicates that for the calendar year the trade surplus could amount to about \$15bn, with exports up only slightly in dollars and imports gaining about 14.8 per cent.

This surplus is well below the \$24.8bn of 1978, but is still large enough to warrant further calls for action from Japan to reduce it. Another possibility is that exports generally will begin to accelerate, which will increase the surplus and put upward pressure on the yen.

The Government has few tools at its disposal at this moment to bring about a reversal of the yen's decline, direct intervention aside.

The Japanese press is full of speculation that the bank of Japan will soon raise its official discount rate to 4 per cent from 3.5 per cent. This would have little impact on the exchange market, however. A policy of tighter money could help the price situation, but would also help to deflate the economy. The Government probably wants to avoid that possibility at least until the June summit meeting in Tokyo.

JAPANESE OVERALL BALANCE OF PAYMENTS COMPARED WITH PRIVATE ESTIMATES OF BANK OF JAPAN INTERVENTION IN THE TOKYO FOREIGN EXCHANGE MARKET SINCE JANUARY, 1978

Overall balance of payments	Bank of Japan intervention
January-March, 1978: Surplus \$4.944bn	\$6.9bn bought
April-June: Surplus \$632m	\$600m bought
July-September: Surplus \$1.645bn	\$2bn bought
October-December: Deficit \$1.331bn	\$2.7bn bought
January-March (estimated deficit \$2.2bn)	\$3.8bn sold

\$3.874bn drop in official reserves to a nine-month low of \$28.813bn at March 31.

The dollar selling is helpful in sopping up excess yen liquidity which in turn helps in holding down inflation, but it now appears that the central bank would have been wiser to begin drawing down its reserves earlier in January as the Bundesbank in Germany is reported to have done.

The combination of overall international payments deficit of \$3.066bn in the five months from October to February and \$2.7bn in intervention-buying in the fourth quarter last year, meant that even the massive

banks to keep them from entering the reserves. Buying intervention during those nine months totalled about \$9.5bn. from large importers in Japan, while exporters have not been forthcoming with dollars to exchange, may keep the U.S. currency in short supply for most of this month.

About two years ago, when the former Prime Minister, Mr. Takeo Fukuda, attended the London summit conference, the yen was still trading above ¥270 per dollar. This gave the Japanese Government a means of calming foreign criticism of Japanese trade surpluses by allowing the yen to appreciate.

Robert Graham, in Madrid, on Spain's local elections

Democracy reaches City Hall

FOR THE first time in 46 years Spaniards are today voting freely in municipal elections. These elections in 8,000 municipalities and county councils (diputaciones) for 89,000 councillors are the first attempt since Franco's death in November 1975 to introduce democracy at the local level.

The poll was originally postponed from October, 1978 and since then has been subordinated first to the drawing up of a new constitution and then general elections. The March 1 general elections have diminished their political impact, which was the intention of Premier Adolfo Suarez. The strong showing of his Union de Centro Democratico (UCD), which obtained 188 seats out of 350 in the lower house, parliament is likely to limit the expected shift to the Socialists and Communists.

In each municipality the elections are for councillors who will then elect a mayor. The mayor, except in the big cities, receives expenses and only a nominal salary. Under Franco, the mayor was an appointee who was usually associated with the Movimiento, the all embracing political activity was channelled through a local administration law of

His authority, governed by 1955, was strictly limited. He was effectively an extension of the executive arm of the Government controlling the municipal police, which worked closely with the local Guardia Civil. In theory the mayor still had to ask the Government for permission to leave the town if he wished to do so for more than 15 days.

There is still a new law of local government, but Sr. Suarez is committed to devolving greater responsibility and so the newly elected mayors are eventually expected to have a wholly different function—answerable to the local electorate and representing its interests in Madrid.

The parties on the Left are the strongest advocates of greater devolution, regarding continued tight control by the

central Government a major obstacle to renewing the vigour of the municipalities. They point out that unless pressed the UCD is unlikely to dilute the real authority of the Ministry of the Interior which operates through the network of Government-appointed Civil Governors that have the power to over-rule any local council decision.

The other means of control is through the Ministry of Finance since the municipalities have limited ability to raise funds and the system of rates applies to only selected items (like rubbish collection).

The main change resulting from the elections is expected to spring from alliances of the parties on the Left. Neither the Communists nor Socialists have agreed to a common platform during the campaign, but it is likely that alliances will evolve after the elections, especially to support candidates for mayor. Already two radical Left parties, the Spanish Workers Party (PTE) and the Revolutionary Workers Party (ORT) have joined forces and they could support a broad Left front, with significant political repercussions in the large cities.

The campaign has highlighted the appalling state of most municipalities in Spain, an area where Franco paid least atten-



Sr. Adolfo Suarez

tion. Spain devotes only 3.2 per cent of GNP to local government spending, three times as little as the European Community's average. The worst affected are the 5,000-odd municipalities which have a population of less than 1,000. But the large cities, too, are little better off with public transport, housing, health and schooling all in need of urgent attention. Cities like Madrid and Barcelona have parlous financial positions and these two alone between them account for almost a quarter of the total municipal debt of \$3.8bn.

China tries to control new freedoms

BY COLINA McDUGALL

WALL POSTERS in Peking — now torn down — and the burgeoning Chinese demand for human rights have caught the attention of the outside world, but they are part of a much wider upsurge of popular feeling which that Peking leadership now finds unmanageable.

The political relaxation in the last half-year plus the long-suppressed desire for a higher standard of living, more variety of entertainment and a richer pattern of life, have brought out into the open many hitherto underground activities. These range from uninhibited political criticism to black marketing and even witchcraft, which the authorities are attempting to suppress.

Probably the most serious of all the problems is the questioning of the value of the

Socialist system. A party official in Chekiang (Chekiang), in a long speech at the end of March condemning recent disturbances in Hangzhou (Hangchow), was forced to say outright that "only Socialism can save China... our purpose is to develop the Socialist economy and evolve into communism... we are Marxists."

While the present leadership is certainly reviewing the system to ensure that both peasants and workers get a better deal, it presumably has no intention of abandoning formal Marxism.

However, that an official should have to restate the position publicly shows how far debate has already gone.

Political dissatisfaction in the past few weeks has led to all kinds of troubles, local radio stations revealed. In Shanghai, people "created disturbances,

obstructed traffic, attacked officials and policemen, stormed Government offices and beat up public security police."

Dissatisfaction with material standards has led to crime, especially as the lessening of political control has provided more opportunity. Gangs in Canton forcibly boarded trains, stole and damaged export goods, stoned the police and disrupted railway traffic. In Hangzhou "criminal elements" committed numerous offences, went in for speculation and profiteering and ran gambling dens.

In Wuhan, gangs raiding at night, threatened people's lives and property. Pickpockets thrived in Changsha, and in Anhui, speculation, profiteering and superstitious practices were rife.

Among people starved of entertainment, the cinema has become doubly popular and the Shanghai Press recently inveighed against "touts who exploit the situation by selling one ticket for the price of two. 'Areas near cinemas have thus become underground markets for illicit transactions,' it said.

Chinese girls, rocking and rolling with foreigners in Peking—until they were carted away last week by the police—were widely reported abroad, but even in far away Changsha, young people were in trouble for dancing in the streets "which affected their production and study the next day."

Inevitably, even relatively harmless activities like dancing will be classified with the much more troublesome effect of liberalism which has proliferated in recent months.

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nesburg (3 times), 12 Kinshasa (twice), 13 Libreville (once), 14 Douala (once), 15 Lagos (3 times), 16 Accra (3 times), 17 Abidjan (twice), 18 Monrovia (twice), and 19 Dakar (3 times).

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OVERSEAS NEWS

WORLD TRADE NEWS

Erasmus commission clears South African Cabinet

BY QUENTIN PEEL IN JOHANNESBURG

A GOVERNMENT inquiry yesterday cleared all members of the South African Cabinet of having had prior knowledge of irregularities in the secret operations of the former Information Department or of secret State financing of the pro-Government newspaper, the Citizen.

This was "a highly secret project," Mr. Browne added. It was not made known to the Defence Department or the chief of the Defence Force, although the money was taken from the special defence account.

Soviet oil drilling deal for Finland

By Lance Keyworth in Helsinki

RAUMA-REPOLA has won an order to build three oil drilling vessels for a major Soviet oil and gas exploration project in the Arctic Sea. The order is valued at FM 200m (£122m).

EEC COUNCIL OF MINISTERS MEETING

UK fears for textile industry

BY RHYD DAVID

FURTHER SAFEGUARDS for the textile industry are likely to be sought today by Britain when the EEC's stance at the GATT multilateral trade negotiations (the Tokyo Round) comes up for discussion at the Council of Ministers meeting in Luxembourg.

The UK textile industry has been engaged in a series of urgent meetings with ministers at other officials over the past month at which they have been expressing concern at what is considered to be an over-generous response by the EEC towards the U.S. This could lead, the industry has been claiming, to a substantial increase in U.S. exports to Europe, causing substantial damage to the domestic industry.

guards which have been built into the offers, including a delay until 1982 before the textile cuts will begin to take effect. In addition Ministers have pointed out that there will also be a break clause after five years, enabling the state of world trade to be reviewed before the final three years cuts are embarked upon.

limited, and cashmere knitwear, where lack of fibre supply from China again makes increases in output difficult to achieve. The wool textile industry, rewarded with a substantial reduction in the U.S. tariff, but only from the previous 44 per cent, down to a still very high 33 per cent.

Tanzania jets raid Uganda again

BY LYNTON MCLAIN AND DAVID TONGE

TANZANIAN jets again struck into Uganda yesterday when they raided Jinja, about 50 miles east of Kampala. In the capital, a pall of smoke was seen rising from the industrial part of the city. Kampala residents said it looked as if Tanzanian artillery had hit a fuel depot.

The Tanzanian Government has not announced the raids, but they are believed to be reprisals for the bombing of the Ugandan town of Mwanza last Thursday.

Semiconductor industry buoyant

By John Lloyd

CONTINUED-HIGH growth in the sales of integrated circuits is forecast by two consultants reports.

GATT package under scrutiny

BY BRIJ KHANDARIA IN GENEVA

THE EARLY conclusion of the Tokyo Round of the multilateral trade negotiations depends to a large extent on appraisal of the package by the EEC's Council of Ministers meeting in Brussels today.

after consultation with the relevant exporters and clearance from a committee overseeing the code's application. The criteria for justification of such measures have also been tightened.

which might cause new delays. Almost all the proposed code's remaining sections have yet to be agreed, such as the criteria to be used in judging situations of market injury, compensation to be offered to aggrieved parties, special treatment for developing countries and dispute settlement procedures.

Developing country delegates say that the Community refused to discuss these other elements earlier, awaiting resolution of the dispute over selective and unilateral application.

Low-key Cairo visit for Begin

BY L. DANIEL IN CAIRO

THE AIR FORCE flight carrying Mr. Menahem Begin, Israel's Prime Minister, on his state visit to Egypt yesterday, arrived in a blisteringly hot and dusty Khamsin, but the Egyptian reception was a good deal cooler.

jet touched down and was removed immediately the official cars left to take the Israeli leader to a private lunch with President Anwar Sadat.

In a report on the integrated circuit market in Europe, Mackintosh Consultants predicts an annual growth from 1977 to 1982 of 9.8 per cent on average.

U.S. to build China trade centre

BY JOHN HOFFMANN IN PEKING

A CONSORTIUM of American building concerns will construct a giant trade complex three miles from the middle of Peking which will comprise a 40- to 50-storey office tower situated above a hotel, convention and shopping centre and apartment block for resident foreigners.

Government. Mr. Jesse K. Taylor, senior vice-president of Kaiser Engineers, said the project could cost about \$250m (£125m). A figure of \$500m had been suggested in some reports but "we would like to think we can do it for less than half of that."

Reuter reports from Tokyo: Japan and China have agreed to apply the deferred payment formula to all new contracts for Japanese exports of industrial plants to China under their extended long-term private trade pact.

Japanese talks on procurement complaints

TOKYO—Mr. Masayoshi Ohira, the Japanese Prime Minister, has called a special cabinet meeting for today to start work on a new proposal to present to the U.S. in response to an American demand that Japan allow foreign companies access to Japanese Government procurement contracts.

Investment key to success of Arab boycott on Egypt

THE BAGHDAD meeting's decision to ostracise Egypt threatens trade patterns, economic aid, investment and joint ventures established over decades. No matter how the Baghdad decisions on an economic boycott are interpreted, it will be difficult to undo.

to assemble and then manufacture in its entirety the Swingfire anti-tank missile under a deal signed in 1977 and valued at more than \$40m. British Aerospace has a 30 per cent stake in the venture.

Madagascar power project

By John Walker in Stockholm

THE SWEDISH company Skanska Cement Europe's largest construction group has received an order valued at SKr 270m (£20m) from Madagascar for the supply of electrical generating equipment.

Optimism as Airbus sales soar

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE LUFTHANSA order signed yesterday for 25 of the A-310 version of the European Airbus, worth DM 1.5bn (nearly £400m), with an option on another 25, is the biggest contract yet placed for the Airbus in any version.

fact that, with its existing 21 airline customers alone, there will be a market for close to 400 Airbus as traffic grows and those airlines increase their fleets. With its customer base broadening all the time, Airbus Industrie believes that the 1,000 aircraft target is realistic.

come at the same time as a steady demand for other types of jets, including the new Boeing 737 and 767, the existing 737 short-range and 727 medium-range airliners; and the McDonnell-Douglas DC-9s and DC-10s, and Lockheed TriStars. Collectively, these developments, which added more than 700 new jets to the manufacturers' order books last year alone, confirm the belief that the long-awaited re-equipment time is now flowing strongly through the world's airlines.

Albus Industrie, the Franco-German-UK-Spanish consortium (with which Fokker of Holland is also associated) is expected to win a big share of this airliner market. Its own studies indicate that the demand for short-to-medium-range jets alone will amount to between 1,100 and 1,300 aircraft outside North America, with another 1,300 inside that continent, a total world market close to 3,000 aircraft, worth more than \$60bn.

The implications of the Baghdad decisions to ostracise Egypt in the Arab world are examined

BY JAMES BUXTON and RICHARD JOHNS.

for example, the smallest of the Arab bilateral funds, has committed nearly \$70m to projects as fertiliser projects and power generation in Egypt.

Much more problematical is the more controversial one for the manufacture of the Franco-German Alpha jet on which agreement was initially reached last September but further progress had been held up because of the Egyptian-Israeli negotiations. Associated with it is the other major project for the United Arab Emirates of the U.S. to re-engine its existing fleet of McDonnell Douglas DC-8 jet airliners.

Build up in aerospace order

New market for CFM-56 engines

By Our Aerospace Correspondent

A MAJOR breakthrough into a big new world market for aero-engines has been achieved by the joint French-American Saecma-General Electric CFM-56 engine, which is to be used by United Arab Emirates of the U.S. to re-engine its existing fleet of McDonnell Douglas DC-8 jet airliners.

Sea Harrier sales talks

BY LYNTON MCLAIN AND DAVID TONGE

INDIA and Spain are each discussing the purchase of up to six Sea Harriers, the new naval version of British Aerospace's Harrier jet.

British Aerospace has high hopes that a contract with the Indian navy, its first export contract for the Sea Harrier, will be signed by the summer. The talks with Spain are still described as "low key," and are only part of a major re-equipment drive by the Spanish armed forces.

The Sea Harrier, of which 34 are to be supplied to the Royal Navy starting later this year, was discussed during the recent visit to Spain of Admiral Sir Terence Lewin, the British Chief of Naval Staff.

The rising order book is not only bringing good business to the European aircraft manufacturers, but also to the U.S. engine companies. General Electric and Pratt & Whitney GE has for long been the prime supplier of engines to the Airbus, with its CFM-56 series, but Pratt & Whitney has now also moved in, and in recent weeks has won an Airbus engine business worth over \$200m from Swissair, Garuda of Indonesia, Iberia and Scandinavian Airlines System, all for versions of the TR-3 engine.



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in 1978, is the first model of a new generation of Fiat automobiles; it puts together and sums up all the work done in recent years in technology and production plants, techniques, and planning and experimental methods.

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Fiat truck production is spread, through a sophisticated system of productive integration, over

a series of plants not only in Italy, but also in France and Germany. Moreover, important European construction firms have contributed to the development of Fiat factories in Italy for diesel engine production.

Fiat also takes part in the important programmes of the European aeronautics industry, along with English, French and German specialists.

At the same time, with other international firms, Fiat Engineering prepares and carries out

projects for the necessary infrastructures of developing countries.

Fiat-Allis constitutes one of the world's largest companies producing construction machinery, while Comau automated production systems and machine tools are used by Europe's and the world's main mechanical industries.

These then are the parts of the dialogue Fiat has helped to establish between Italy, Europe and the rest of the world, showing, by its commitment to progress, its own will to carry on.

FIAT

AMERICAN NEWS

Democrat cleared of bribe charges



Mr. Otto Passman, a former Louisiana Congressman, was acquitted on charges of accepting illegal payments from a South Korean businessman, Mr. Tongsun Park. Reuter reports from Monroe, Louisiana, a district court jury also found Mr. Passman, of Monroe, not guilty on charges of conspiracy and tax evasion.

Mr. Passman, a Democrat who served in Congress for 30 years until he was defeated in 1976, headed the Foreign Operations subcommittee of the House of Representatives Appropriations Committee.

The indictment stemmed from a Federal investigation into the so-called "Koreagate scandal" in which the businessman was alleged to have made illegal payments to Congressmen.

Canada candidates

Union Populaire, a party founded to fight for Quebec independence in the federal Canadian Parliament, has found candidates for the House of Commons in 14 constituencies. AP reports from Montreal, Mr. Henri Laberge, the party president, broke with the Parti Quebecois, which is in power in Quebec City, because it steers clear of federal politics.

Guyana gas search

Seagull International Exploration of Texas and Denis Mines of Canada have contracted to explore for oil and gas in a 4,390 sq mile area of Guyana's Continental Shelf. Mohamad Hamaludin reports from Georgetown.

Victims remembered

Jimmy Carter yesterday proclaimed April 28 and 29, the 34th anniversary of the liberation of the Dachau death camp, as days of remembrance.

Iowa dissidents push Kennedy for President

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

A GROUP of dissident Democrats in Iowa have banded together to promote the name of Senator Edward Kennedy for the party's Presidential nomination next year.

The Massachusetts Senator is dissociating himself from the effort, as he has from other draft movements that have sprung up in other States.

His official position remains that he expects President Carter to run again—and be re-elected—in 1980.

Iowa has an unusual significance in the U.S. electoral calendar. Its caucuses, due to be held next January, are the first national selection process.

In 1976, Mr. Carter, then very much an outside contender, made his first big stride to the White House by capturing more delegates than anyone else at the caucuses.

Given the clear internal dissatisfaction with Mr. Carter's record among Democrats, any early sign of weakness in caucuses or primaries next year will give the President's opponents heart.

Mr. Carter's startegists know this and are despatching his son, Mr. Chip Carter, to Iowa shortly, for some political fence-mending.

The two Democratic challengers who stick out a mile are Mr. Kennedy and Governor Jerry Brown of California—who is himself on the pre-campaign trail in New England this week, pushing his case for a constitutional amendment to balance the Budget.

Mr. Kennedy's denials of candidacy have to be taken seriously at present, though it is generally agreed that two conditions could get him into the race—a deep ideological rift with Mr. Carter over economic and social policies, and the fear that Mr. Brown might become the Democratic nominee.

Vice-Minister's visit

Li Yukui, China's Vice-Minister of Posts and Telecommunications, is visiting Canada with a 14-man team. AP reports from Montreal. Li's Ministry is starting to modernise China's telephone system. The team will visit Northern Telecom and Bell Canada factories.

The most recent polls show Mr. Kennedy to be comfortably the most popular politician in the opinion of Democrats—with Mr. Carter also well ahead of Governor Brown.

Despite his apparent political problems, the surveys also show that Mr. Carter has a sizeable lead over any Republican candidate at this stage.

Nobody in the White House has any illusions about the need for the President to work hard to regain the Democratic nomination.

The latest polls, taken last week, show that his standing



Senator Kennedy... remains a Carter supporter at present

went up only modestly after his Middle East coup and that the major issue confronting the country—the economy and the war on inflation—is still the area in which he is most vulnerable politically.

The Iowa Democrats who are organising for Mr. Kennedy come from the party's liberal wing. Liberals still exert great influence inside the Democratic Party—much as conservatives do inside the Republican Party.

If dissatisfaction with Mr. Carter's performance grows, the Iowa dissidents could make their presence disproportionately felt.

UN reports \$5.5bn loans to S. Africa

By David Tonge

BETWEEN 1972 and 1978 financial institutions in South Africa received international loans totalling \$5.5bn according to a report by the UN centre against Apartheid. This figure covers only credits or bonds raised on the international capital market, involving banks of different nationalities. It does not include loans made by banks in individual countries, trade financing and interbank lending.

The study, released yesterday, comes two months after the UN General Assembly called for an end to all new investment in, and all financial loans to South Africa.

The bulk of the loans came from West Germany, Britain, the U.S. and France. U.K. investment in South Africa totals around \$550m, according to Dr. David Owen, the Foreign Secretary. He said recently that Britons have "a heavy political and moral responsibility to use our economic influence to apply political pressure for peaceful change."

The Government, he said, had shown determination to start reducing Britain's economic commitment to South Africa.

The value of loans each year rose steadily until the Soweto killings in the summer of 1976, then fell and are now recovering. The main British banks involved in syndicated international loans are Barclays International, Ealing, Hambros, Hill Samuel, Kleinwort Benson, Samuel Montagu, N. M. Rothschild's, and Schroder Wagg.

Ambassador Leslie Harriman, Chairman of the UN Special Committee against Apartheid, has stressed that foreign loans and credits have allowed the South African regime to increase its military budget from \$40m in 1960 to nearly \$200m this year.

Recently the U.S. Eximbank made its financing to companies conditional on their agreeing to the so-called Sullivan principles—a code of anti-apartheid conduct described as marginally tougher in general than the EEC code.

Critics of apartheid also say that they have received assurances from some major U.S. banks that they will not lend to the South African government or, in a few cases, to the Government's agencies.

BRAZILIAN VISIT

Schmidt takes the pulse

BY DIANA SMITH IN RIO DE JANEIRO

CHANCELLOR SCHMIDT'S official visit to Brazil starting today is purely political according to West German diplomats, a chance for Herr Schmidt to take the pulse of the Government headed by General Joao Baptista Figueiredo, who took office on March 15.

The Chancellor has a notable interest in the new Brazilian Administration, as West German political, trade and business ties with Brazil were greatly strengthened during the five-year tenure of Gen. Figueiredo's predecessor, Gen. Ernesto Geisel, who is of German descent.

Key elements of Brazil's official and business community are traditionally receptive to German economic and technical achievements and tend to respond more positively to German than to U.S. attitudes.

West Germany is now Brazil's second largest foreign investor after the U.S., with \$2.1bn invested or re-invested here at the end of 1978 by major concerns including Volkswagen, Mercedes Benz, Siemens, Krupp, Thyssen, Mannesmann and Bayer.

In the past decade, West German technical cooperation has brought in DM 1.1bn (\$130m) and a host of scientists or technicians supervising major projects in agriculture, urban planning, hydrography and mineral prospecting.

The \$130m Brazilian-German nuclear energy agreement, signed in 1975, for eight Kraftwerk Union reactors and technical transfers is thought by Brazilian officials to be the ideal model for future international nuclear co-operation—a view that patently is not shared in Washington.

The agreement has been criticised on technical and financial grounds by Brazilians who favour hydroelectricity, and on political grounds by the Carter Administration, which is warned that Brazil might acquire and use the materials or knowledge to build atomic weapons.

The Carter Administration has softened its tone but is apparently still bent on coaxing Brazil to adopt thorium research as an alternative to the full uranium-plutonium

cycle. While debate on the project continues, Brazilian and German officials insist that the volume covered by the agreement will not be altered, although the timetable may be relaxed. Herr Schmidt is not accompanied by any Ministers involved in this field, so the matter is not expected to be discussed during his visit.

Bilateral trade, an awkward aspect of Brazilian-German relations, is likely to be discussed. Trade, which totalled DM 4.46bn in 1978, has brought modest surpluses to Brazil in recent years. West Germany has criticised high Brazilian import barriers and German industrialists are one of the main forces behind EEC strictures on Brazilian goods such as cast iron.

Significant imports of German capital goods used in Brazil's mammoth industrial and infrastructure projects in the past can no longer be relied on; often they are produced locally and Brazil is beginning to cool down its overheated economy.

French interests are now



Chancellor Schmidt

also making considerable inroads into the high technology areas which were once virtually a German preserve. Because of rampant inflation—15 per cent in the first quarter of 1979—Brazil's new government seems bent on slowing down developments in telecommunications, road and rail transport and other fields that could use foreign goods or technology. Thus, private trade talks are not expected to result in major German gains, in 1979 at least.

Republicans fight for balanced budget

WASHINGTON—Mr. Michael Blumenthal, the U.S. Treasury Secretary, yesterday urged the House of Representatives to pass legislation raising the limit on the national debt.

"If the Bill is not signed into law today default is virtually certain," Mr. Blumenthal said in a letter to the Speaker of the House.

"Denigration of the full faith and credit of the U.S. would have incalculable effects on the domestic money markets and on the value of the dollar in exchange markets."

Republicans were yesterday preparing to force a showdown on a proposed amendment to the debt limit measure requiring a balanced Federal budget. If the debt limit measure is not passed, the Government would not be able to borrow more money some of it to help cover social security cheques already sent out.

The old debt limit of \$798bn expired at the weekend and the Treasury said that without an increase in the debt limit, the Treasury would be unable to meet its obligations today.

The Government might be able to pay its most pressing bills by shifting available funds from accounts where they were not urgently needed.

Democratic leaders were counting on the prospect of the Government not being able to pay its bills to help pressure Republicans into passing the Bill without the amendment.

The Republican-backed amendment would require three-fifths majorities in both Houses of Congress to raise the debt limit to pay for unbalanced Federal Budgets starting with fiscal 1981. The Budget year beginning October 1, 1980.

A Democratic supported amendment would require the Congressional Budget Committees to offer balanced budgets for fiscal 1981 and fiscal 1982. However, the budget could then be voted out of balance by simple majorities in the House and Senate.

The debt limit bill would raise the Government's temporary borrowing authority to \$850bn. AP

Mobil sues over lost pesticide

NORFOLK, VIRGINIA—Mobil Oil Corporation has filed a \$100,000 damage suit against the owners of an Italian freighter barred from entering Chesapeake Bay for 31 days because of fears that shellfish would be contaminated by pesticide-fouled water in its cracked hull.

The suit was filed in the U.S. district court by Mobil, the owner of the cargo of pesticides which mixed with sea water in the hold of the ship, the Maria Costa.

Mobil charged the owners of the vessel with diluting the pesticide when the Maria Costa developed cracks in its hull and water leaked in in late February. It claims that 65 tons of the pesticide were destroyed.

Because the pesticide is highly toxic, the Maria Costa was kept 11 miles off Cape Henry for 31 days while the contaminated sea water was removed. The coast guard then allowed the vessel to enter Hampton Roads for repairs.

The U.S. Environmental Protection Agency feared the 1,500 tons of pesticide-contaminated water in the ship's hold might leak into Chesapeake Bay and endanger its shellfish.

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Department-Europe, Edmond van Wijngaerden and Chemical banker, Jean-François Noël, improve on this tailor-made system continuously.

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Noël is only part of the customer-banker relationship. Another part is William H. Adams, head of Chemical Bank's San Francisco regional headquarters. As a main link with Weyerhaeuser's Treasurer William C. Stivers, Adams coordinates all groups in the bank as they relate to

the company and has helped Stivers with foreign exchange, domestic and international collection, importing and financing arrangements; he has helped establish on-line communication through ChemLink, Chemical's financial management system, as well as computer-to-computer transmission of lock box information.

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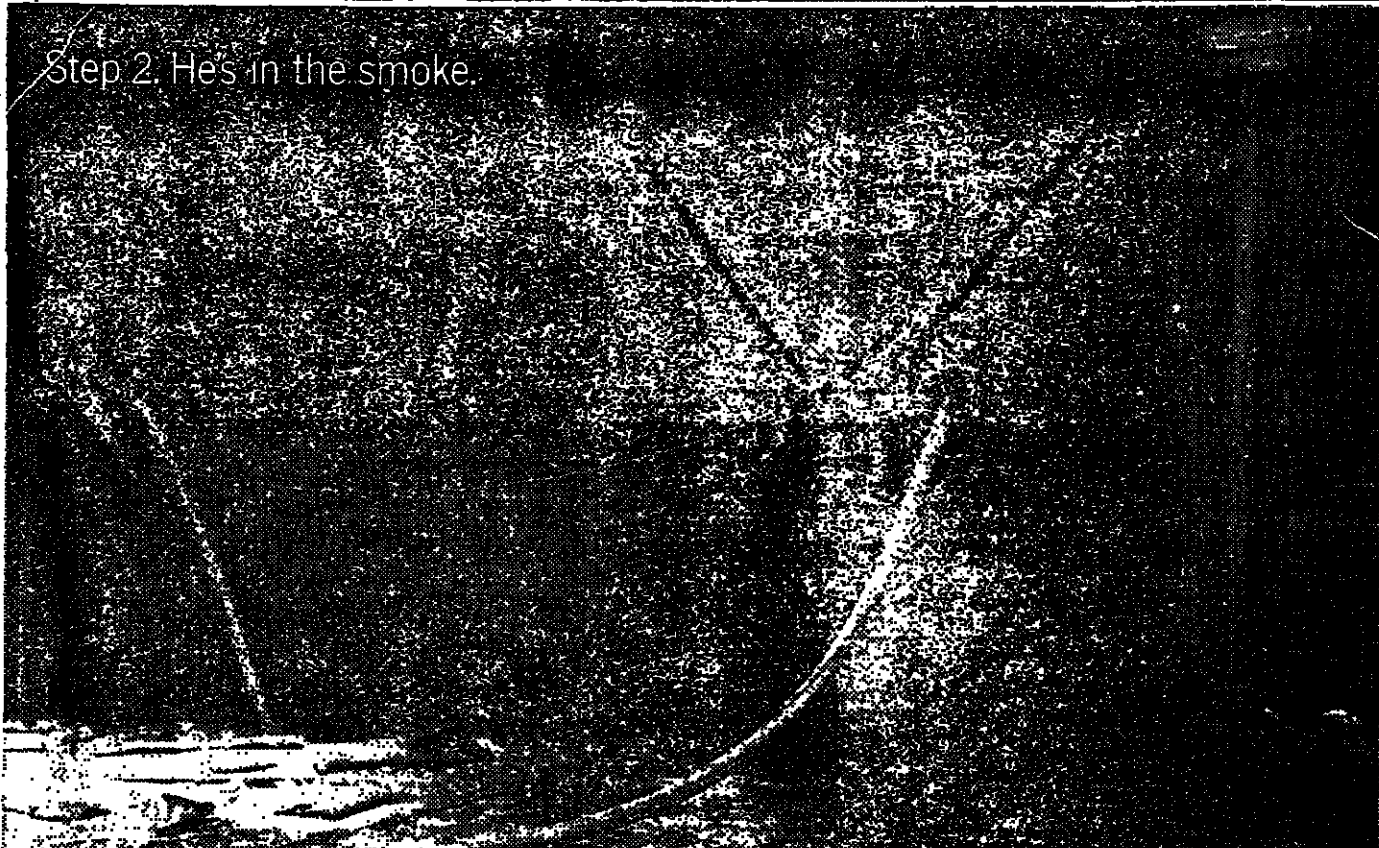
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UK NEWS

Container transport improves profits

By Ian Hargreaves, Transport Correspondent

FREIGHTLINER, the container transport company, carried less traffic last year but slightly improved its profits.

Mr. Cyril Bleasdale, the company's managing director, said yesterday that in spite of a fall last year in the amount of container units handled, the prospects for growth are better than ever.

Last year's setbacks were mainly caused by labour problems at Southampton, where much of Freightliner's profitable long-haul traffic originates.

Strikes
This year also started badly, because of the strikes by lorry drivers and railmen, but Mr. Bleasdale said that the company is now struggling to meet demand.

Trading profit for 1978 was £1.7m, but this follows the financial restructuring of the National Freight Corporation and the transfer of Freightliner from NFC to the railways in last year's Transport Act.

On an unstructured basis, the trading profit would have been £1.4m, against £1m in 1977. Revenue increased from £46.1m in 1977 to £51m last year.

Programme
This level of return Mr. Bleasdale said, was still inadequate to fund renewal of Freightliner's assets.

About 70 per cent of the company's 8,000 containers are at the end of their lives and a £5.6m programme of which £3m will be spent on containers, will only begin to solve the problem. A major programme of crane renewal is also required.

The first batch of orders, worth £1.6m, has been shared between British Rail Engineering, Ulcon of Northern Ireland and Jindo-IPB of South Korea.

The company's long-term growth forecast is based upon the assumption that fuel costs, lorry taxation and road haulage regulations will increasingly work in favour of railway rather than road trucking operations.

Mersey Docks loses £1.47m as general cargo traffic falls

By Rhys David

THE MERSEY Docks and Harbour Company slipped back into losses last year, mainly as a result of the continued decline in general cargo traffic. It ended the year with a pre-tax deficit of £1.47m, compared with a profit of £4.1m in 1977.

The port is also likely to face a tough year this year, with voluntary severance payments of more than £3m expected as a result of a 700-man cut in the labour force.

The accounts for the first six months will also show the effects of the lorry drivers' strike in January, which was estimated to have cost the port £1m in diversion of trade. Fall-back payments to dockers and waiving of charges.

Last year's results show that the port increased its revenue from £62.6m in 1977 to £64.4m, but trading profit was down from £4.7m to £1.24m. The port also had to absorb £2.7m in voluntary severance payments for non-registered dock workers — mainly office and other staff who accepted early retirement or redundancy.

The total loss on general cargo operations amounted to £3.5m. Because of the declining importance of this trade the port has decided on a £10m reduction in the book value of its general cargo docks, increasing the total loss after extraordinary items to £11.47m. The 1978 report stresses, however, that the facilities will remain unaffected and the transaction merely reflects the lower capital value of the older docks.

Sir Arthur Peterson, the company chairman, said: "The changing nature of the shipping industry means that facilities

built for another age no longer have the same capital value but port users can be assured that the company will continue to offer a first-class service. We are simply reassessing the value



Sir Arthur Peterson: Name of the game is realism

to the port of our docks, warehouses and other facilities.

"Realism has been the name of the game in the port of Liverpool for a long time." The dock labour force was being trimmed by about 500 men, bringing it down to 6,300.

The port's Royal Seaforth Terminal, which handles bulk grain and timber and container traffic, showed improved results through increased operational efficiency but break-even point has still to be reached on container traffic.

£5m for Mayfair casino

FINANCIAL TIMES REPORTER

GRAND METROPOLITAN subsidiary, Macra Sportsman, is joining with Pleasurama to acquire the Casanova casino and club in Mayfair, London, subject to Gaming Board approval.

Macra Sportsman will have 75 per cent of the equity and Pleasurama 25 per cent, returning to its previous part owner-

ship. A year ago Pleasurama parted with the then majority family owners, after a legal wrangle.

Some £5m is being paid for the lease, club, and goodwill. Pleasurama is putting up £735,000 in equity and loans. The two companies are already partners in the nearby Ritz hotel casino.

NEB praise and warning for BL

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE NATIONAL Enterprise Board has given "full support and backing" to BL's 1979 corporate plan and budget; but it has given a warning that "a major strike would put the whole strategy into the melting pot."

The NEB report on the former British Leyland's plan points out that the group must achieve productivity performance on a par with that of its European competitors. It insists that the company's future will depend on a solution being found to that problem.

"By 1983 some £1bn of public money is planned to have been invested in the company, but the improvements forecast so far for 1983 for BL Cars do not match the very considerable improvements in the product range and the facilities which this money will have paid for."

"There will therefore need to be a considerable improvement compared with recent trends in production and productivity performance."

The NEB says it is vitally important that the company should implement successfully the pay parity scheme for BL Cars and the incentive scheme to follow.

"If they are not successfully carried through the company will have no solid base on which to build for the future," it says.

"The events of recent months have shown that the achievement throughout BL Cars of productivity in line with the parity scheme requirements, let alone the greater long-term improvements, is not a foregone

conclusion... Therefore BL and the NEB will be watching developments over the next months with great concern."

The report shows that productivity in Austin Morris and Jaguar Rover Triumph respectively was 11.6 and 6.9 cars a

year total £391m. New capital commitments to be entered into this year could exceed £200m. The NEB confirms that it has earmarked a further £375m to bring its funding of BL up to £975m "and so complete the provision of funds for BL envisaged by the Ryder plan."

Achievement... of productivity in line with the parity scheme requirements, let alone the greater long-term improvements, is not a foregone conclusion.

The balance of the total funding of £1bn proposed for the company is made up by the NEB's commitment of £25m to Wholesale Vehicle Finance, the organisation set up recently to help dealers to finance stocks of BL vehicles.

The NEB stresses that "the release of funds remains conditional on the review of plans, consideration of performance and proof of need by BL."

It regards it as "premature," because of the questions over improvements in productivity, to set a financial duty for BL beyond 1981. The company has stated, however, that its long-term plan is to achieve a return on assets of not less than 15 per cent.

At a time when BL remains heavily dependent on NEB investment finance "it would make no sense for the NEB to receive dividends in the short term," the report says.

"In any case BL needs to ensure that it meets the requirement to generate funds inter-

nally in direct proportion to the public funding over the period 1975-1981. It is anticipated that dividends will be paid in the longer term."

The NEB report backs the view of Mr. Michael Edwards, BL's chairman and chief executive, that there was a need for urgent action within the group last year.

The approach adopted in the BL plan stems from the view that unless BL performs better with what it has now, and does so quickly, there will be no long-term future for which to invest, the report maintains.

It adds that real progress has been made and a sound start provided for the BL plan.

The main actions around which the plan revolves include:

- The new small car, the so-called "Super Mini."
- The new medium car which, the NEB points out, still has to be approved.
- The Land-Rover and Range Rover product improvement and capacity expansion programme.
- Modernisation at Longbridge, Solihull, and elsewhere.
- The new aluminium foundry.
- Consolidation of heavy vehicle assembly into the new assembly hall at Leyland, Lancashire, together with closure of the Southall truck plant.
- An expansion in Leyland Vehicles' Scottish operations, "but on a smaller scale than previously envisaged."

The NEB regards BL's shortage of engineering

resources as one of the most worrying aspects of the company's future. It says that although the group is making considerable efforts to improve and develop its model range "there is no quick or easy solution to this problem."

The report is not optimistic about the British motor industry. "Poor industrial relations, poor productivity and poor quality are all factors which have led to the UK share of world motor vehicle production declining and the import share of the British market rapidly increasing."

"Nonetheless, the NEB and BL are firmly committed to finding a future for a British-owned motor industry and to ensuring the survival of a viable company. They accept that the task is difficult. They do not accept that it is not possible."

Much valuable groundwork was undertaken last year, the report says, and "the downward slide of BL appears to have been arrested. Most of the key performance targets set for 1978 have been met."

Looking toward the future, BL has a clear idea of the many and varied problems facing it and is making a concerted effort to seek solutions."

The NEB reiterates its support for the chairman and Board of BL, "but the NEB will need to see evidence of substantial improvement in performance by the company in 1979 as a condition of further investment in 1980."

Corporate treasurers organise

BY MICHAEL LAFFERTY

A GROUP of senior financial executives from several large companies planning a new professional body for corporate treasurers.

The first chairman of the already named Association of Corporate Treasurers is to be Mr. Alan Clements, recently appointed finance director of ICI.

Other founding members of the association are financial executives from Associated British Foods; Bowater; British Gas; BL; De La Rue; Dowty Group; EMI; RTZ; Royal Dutch-Shell; Turner and Newall; Unigate; Footall; and Manchester Exchange Trust.

An inaugural meeting which the association hopes will be attended by most of 1,000 executives invited to become founding fellows will be held on May 10 at the Plaisteaders' Hall, in the City. It will be addressed by Sir Jasper Holton, deputy governor of the Bank of England.

The association, which eventually will run its own exams, is being formed because the skills required of a corporate treasurer are not adequately covered by either the professional accountancy or banking qualifications, Mr. Daniel Hodson, treasurer of Unigate, said yesterday.

"But it is not our intention to tread on the other bodies' toes."

Mr. John Hough, secretary of the English Institute of Chartered Accountants, the main body likely to be affected by the new move, said: "We have not yet met the officers, but we shall listen to their plans with interest."

A statement by the association yesterday said that corporate treasury management had "evolved as a separately identifiable profession against the background of the great political, sociological and economic changes which have occurred since the end of the Second World War."

Home loan interest rates unlikely to change

BY MICHAEL CASSELL

THE PROSPECTS of any change in building society interest rates receded further yesterday when it became clear that societies had attracted a reasonable flow of new funds during March.

Early estimates suggest that they made net receipts of between £250-£300m compared with £321m in the previous month and £289m in January.

Though the societies would like to see receipts climb further, suggestions that higher interest rates should be considered are no longer regarded as a serious option. But it is equally unlikely that rates will fall in the medium term, even if other interest rates decline.

The flow of money into societies, combined with repayments of existing loans, still falls well short of the level of funds required to meet present demand and, as a result, liquidity is still being tapped by most societies, though not at anything like the rate experienced in much of 1978.

The societies' average liquidity ratio at the end of 1978 was at its lowest since the beginning of 1974 and during the year they were forced to use up more than £1.7bn to make up the

difference between total receipts and loans.

Societies are now lending about £700m a month, in line with the lending target agreed with the Government at the start of this year. This implies an average 60,000 advances a month and an annual rate of 720,000 loans against 800,000 during 1978.

The societies are still hoping, however, that conditions later in the year will enable them to lend more and that last year's performance may be repeated. In the shorter term, queues for mortgages are still long and societies still insist that borrowers put as much personal capital as possible into house purchases.

Of major concern to the societies is the outlook for new private house-building, which shows signs of tailing off again after the increase in 1978. Builders have apparently become very concerned about prospects for the supply of mortgages and have been scaling down building programmes according. The industry last year made a start on 158,000 new homes but believes that the total in 1979 could fall back to about 130,000.

Talks fail to solve oil rig funding problems

BY LYNTON McLAIN

GOVERNMENT attempts to find work for Marathon Shipbuilders Clyde yard will be resumed today after a meeting yesterday failed to resolve problems of funding a future oil rig order.

The yard is now desperately short of work and up to 1,100 workers may lose their jobs unless the Government backs a higher price for a rig wanted by the British National Oil Corporation.

Mr. Bruce Millan, the Scottish Secretary, met Mr. Eugene Woodfin, the president, Marathon Manufacturing at the Scottish Office yesterday. The aim was

to find a way of funding the £500,000 difference in price between the ENOC offer of £11m for the rig and Marathon's estimate needed for profitability.

Officials from the Treasury and the Energy Department also attended the meeting. The Marathon delegation left after an hour, but the Treasury official stayed while Mr. Millan attempted to complete a rescue package.

This is likely to have included ways of postponing Marathon's repayments of Government loans, understood to total up to £2.6m.

Annamese blue and white vases fetch £20,000

POSSIBLY the only pair of Annamese blue and white baluster vases bearing the Dien Thanh five character mark of the period of 1578 to 1586 to survive was sold at Christie's yesterday to a private American collector for £20,000. He will have to pay an additional 10.8 per cent in buyer's premium.

Stylistically the only Chinese parallels date from earlier in the 16th Century and the only

documented early example of Annamese blue and white ceramics with a date is a vase of 1450 in the Topkapi, Istanbul.

The vases were the top lot on an auction of Chinese works of art which totalled £258,435. Marchant, the London dealer, paid £7,000 for a glazed buff pottery earned 7th century, and Faber and Castel, a Düsseldorf dealer, bought a blue and yellow shallow bowl, with Yung Cheng six-character mark, for £5,500.

A sale of drawings totalled £50,214 with a best price of £3,500 for an album of water-colours attributed to Antoine Roux. Three interiors by Francois Etienne Villaret went to Hazlitt Gooden and Fox for £2,800.

SALEROOM

BY ANTONY THORNCROFT

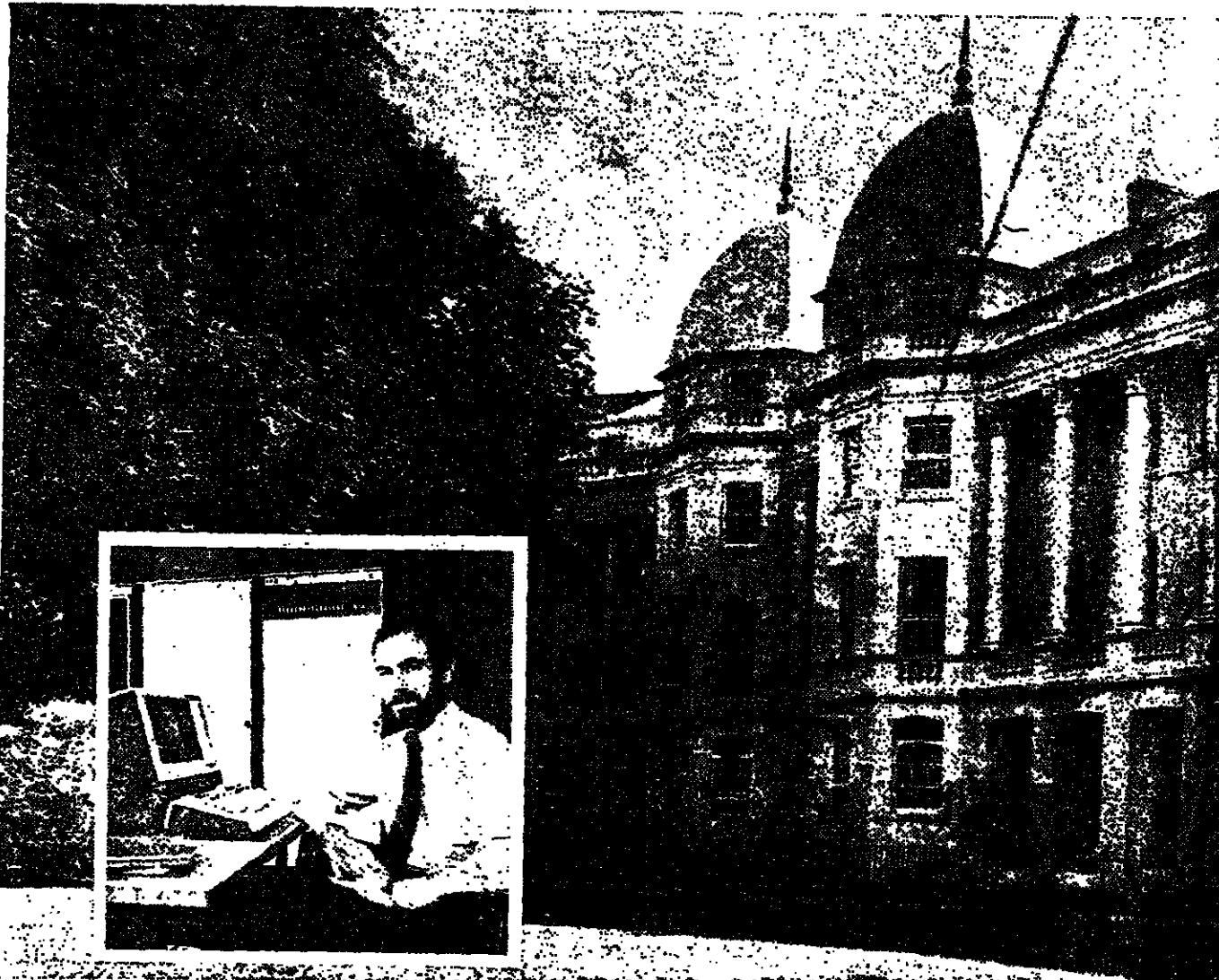
documented early example of Annamese blue and white ceramics with a date is a vase of 1450 in the Topkapi, Istanbul. The vases were the top lot on an auction of Chinese works of art which totalled £258,435. Marchant, the London dealer, paid £7,000 for a glazed buff pottery earned 7th century, and Faber and Castel, a Düsseldorf dealer, bought a blue and yellow shallow bowl, with Yung Cheng six-character mark, for £5,500. A sale of drawings totalled £50,214 with a best price of £3,500 for an album of water-colours attributed to Antoine Roux. Three interiors by Francois Etienne Villaret went to Hazlitt Gooden and Fox for £2,800.

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Leasing.

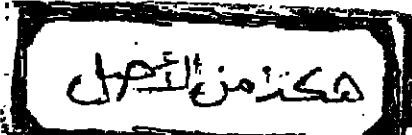
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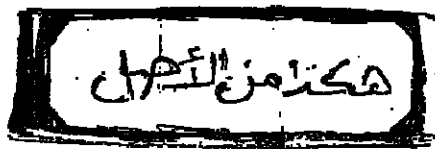
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Nuclear energy store 'equals coal reserves'

BY DAVID FISHLICK, SCIENCE EDITOR

BRITAIN HAS almost as much stored energy in the form of depleted uranium as in the whole of its proven coal reserves, Sir Francis Tombs, chairman of the Electricity Council, said in an address to the Australian Institution of Engineers yesterday in Perth, Western Australia.

By utilising this stockpile of depleted uranium—fuel from which many of the fissile atoms had been extracted—in fast breeder reactors, Britain would be able to obtain 60 times as much energy as it could with its present-day reactors, Sir Francis said.

Regarded in this way, the stockpile amounted to the equivalent of almost 400bn tonnes of coal.

Describing Britain's experience with a 250 MW prototype fast reactor, Sir Francis said the reactor itself and the primary and secondary circuits had given excellent performance. Major components operating in an environment of "light sodium" had performed "extremely well".

The designers had confidence that they could proceed to the building of a commercial-scale demonstration fast reactor when the decision to do so was taken.

Britain, Sir Francis said, also had considerable experience of the reprocessing of fast-reactor fuel. Fuel from the prototype fast reactor would be reprocessed this year, and the plutonium extracted made into fresh fuel.

Managers want priority for industrial effort

BY RAY PERMAN, SCOTTISH CORRESPONDENT

MANAGERS WOULD like to see the new Government whatever its political colour, maintain the present industrial strategy with its emphasis on manufacturing, Mr. Roy Close, director-general of the British Institute of Management, said yesterday.

The institute has been helping to develop the strategy through the professional managers committee, in which it is represented with the National Economic Development Office.

Mr. Close, speaking in Edinburgh, said that the institute would like to see several broad policies maintained, even if the Government changed.

The industrial strategy sought in general to create wealth and put as much resource as possible into re-establishing manufacturing industry.

The institute wanted the new Government to reduce inflation, although it accepted that a mixture of policies could do that. It also wanted a change from direct to indirect taxes to restore incentives.

Mr. Leslie Tolley, chairman of the institute, said that manufacturing industry in Britain could not survive under the weight of import pressure.

"We must remember that if a nation's industrial machine loses its participation in the finished product, then it ultimately loses also its skills, its know-how and its ability to design and service until there is nothing left," he said.

"This inescapable fact is ignored by those who would have us believe that we can survive upon our advanced technical knowledge, on our services, or by moving up-market or supplying components."

Plea to save Corby by road improvements

FINANCIAL TIMES REPORTER

THE EAST-Midlands economic planning council yesterday called for immediate improvements in the road system serving Corby, Northamptonshire, to help bring more industry to the town.

The 1954 proposed A1-M1 routes lining the East Midlands to the east coast will be too late to save the town from a serious economic decline. Unemployment is 7.3 per cent and more than 6,000 other jobs are threatened with the phasing out of steelmaking at the town's BSC plant.

Steelworkers at the plant said yesterday they will halt production this week if management does not agree to increase manning levels.

They have started restricting overtime to eight hours a man until more workers are taken on. The Iron and Steel Trades Confederation says too much overtime is being worked in a town which has nearly 3,000 people out of work.

CONTRACTS

£14.5m earthmoving for London and Northern

Earth-moving division of LONDON AND NORTHERN GROUP, consisting mainly of C. A. Blackwell (Contracts), Earlscliffe, Essex, and Tractor Shovels (Contracts), Edinburgh, have been awarded contracts in excess of £10m, including the Fens and Stormy Down section of the M6 motorway, West Wyalong reclamation scheme, Northumberland and preliminary site works at Torness nuclear power station. Another member of the group, A. Farquhar (Builders), has been awarded building contracts in the Aberdeen area totalling over £4.5m.

REDICON SIMULATION, Crawley, Sussex, has been awarded a £5.5m contract for Boeing aircraft training simulators by Aerolineas Argentinas, the Argentine national airline.

Den Danske Provinsbank A/S has placed a £30m (£3.8m) order with NCR for an on-line network for the bank's four main offices and 155 branches throughout Denmark. The overall system includes two central Criterion 8370 computers and 450 terminal work stations.

The Robert Horne Group, supplier of paper and board to the printing industry, has ordered a SPERRY UNIVAC 1100/12 series computer system, valued at nearly £1m. Sperry Univac has also received a £250,000 order from Spillers for a V8/600 dual processor system,

Ladbroke buys 31 pubs for £3.1m

By Our Consumer Affairs Correspondent

THE LADBROKE Group's planned expansion into the public house trade went a step further yesterday with the acquisition, for 1.3m, of the 31 outlets owned by the R. V. Goodnew company.

Goodnew has 31 pubs, many with restaurants, in central London, the Home Counties and Yorkshire.

Mr. John Jarvis, chairman of the Ladbroke hotels division, said the takeover was "part of our planned expansion in the pub trade, which will be developed at a rapid pace."

Ladbroke already has 14 pubs, which it acquired when it took over the Leisure and General company. That encouraged Ladbroke to plan further takeovers of pub groups and Mr. Jarvis said offers of licensed premises were being evaluated.

But Ladbroke's acquisitions still represent only a tiny part of the pub trade, since the major brewers own nearly 31,000 (almost 70 per cent) public houses in the UK.

Meanwhile, the B-haven brewery group yesterday sold its last remaining UK-managed hotel property. It announced the sale of the lease for 100,000 of the Metropolitan Hotel in Falkirk.

Household rates rise by double Shore's single-figure target

BY PAUL TAYLOR

HOUSEHOLD RATES in England and Wales are rising by an average of 19.2 per cent—virtually double the target set by Mr. Peter Shore, Environment Secretary. Fears about the final level of local authority wage settlements are responsible for the increases.



Mr. Peter Shore: Rates have passed his single figure target set in November

Figures produced by the Rating and Valuation Association yesterday—based on returns from 87 per cent of the 352 local authorities—show that only 7 per cent (26) have met the "single figure" target set by Mr. Shore when he announced the Government's 1978-80 rate support grant to local authorities in November.

That target was based on a 5 per cent increase in wages, prices increasing by 7.5 per cent and some local authorities drawing on their balances.

However, Mr. Ralph Egarr, president of the association, said local authority treasurers had been forced to take a "cautious" look at anticipated expenditure in the light of pay settlements already reached.

The manual workers' 9.9 per cent wage award, with extra in August and next April from a comparability exercise, uncertainty about the levels of other settlements and interest rates have forced treasurers to build substantial contingency reserves into spending estimates.

The association's figures show a large disparity between the rates bills in different types of authority and parts of the country. While in general terms rate rises in Wales are the highest in the country—reflecting a lower base level and higher Government subsidies—the average ratepayer in Wales pays 50 per cent less than a London ratepayer.

The non-Metropolitan districts and 27.6 per cent in Wales. Figures for the 56 Scottish rating areas show a similar pattern of rate increases, with more than half the areas increasing domestic rates by between 11 per cent and 20 per cent.

While Mr. Egarr felt the increases were unlikely to lead to a general "rates revolt," the scale of the increases is bound to complicate the district council election on May 3.

Tables produced by the association show some of these differences. Domestic rate increases, weighted for the number of households, have increased by between 0 per cent and 49.5 per cent in London boroughs, between 6.2 per cent and 41.8 per cent in the Metropolitan district, between 5 per cent and 35.7 per cent in the non-Metropolitan districts and between 1.4 per cent and 60.6 per cent in Wales.

CTI-Dominion phases out NGC

NGC Conveyancing Guarantees, a sister company to CTI-Dominion Title Insurance, yesterday stopped accepting any conveyancing as part of a rationalisation process which will lay greater emphasis on marketing through House Ownership solicitors and other CTI-Dominion Guarantees.

CTI-Dominion has also announced that the premium rates for its House Ownership Guarantee have been reduced from £3.50 per £1,000 of valuation to £1 per £1,000 for registered domestic property, and £1.50 per £1,000 for unregistered property. The commercial and industrial property rate remains at £2.50 per £1,000.

NCB invests £36m in research

INVESTMENT in research and development by the National Coal Board will total £36m in the present financial year (1979-80), Sir Derek Ezra, NCB chairman, said last night.

He said the investment, which includes contributions from the Department of Energy and the European Coal and Steel Community, "is now running at the highest ever level—over four times more than five years ago."

Projects include the development of automatic and remote controls for coal mining, and new technologies for processing coal "so that they will be ready to replace oil and natural gas supplies when they become scarce."

NCB scientists have already set up a pilot refinery producing oil, petrol and jet fuel, as well as raw materials for a range of chemical products.

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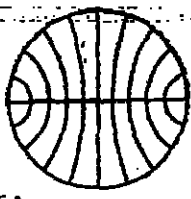
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PAN AM

UK NEWS

Attention moves from Sprinkel in battle to reopen Wheal Jane

THE MAIN focus of the attempt to save the failed Wheal Jane tin mine near Truro, in Cornwall, has shifted from Mr. Robert L. Sprinkel, the American entrepreneur, to the Government and Rio Tinto-Zinc, the UK's biggest mining group.

But it is clear that RTZ executives and officials from the Industry Department would not be sitting down to negotiate the apportionment of costs for a new exploration programme at the mine, had it not been for Mr. Sprinkel. This meeting will probably take place later in the week.

Mr. Sprinkel became interested in the mine last summer. It had closed in May when its owners, Consolidated Gold Fields, decided that there was too little tin, too much water, and what had always been a marginal operation could not be made to pay.

What finally induced Gold Fields to pull out was the closure of an adjacent mine, Cornwall Tin's Mount Wellington operation. The two mines were linked by a water problem—both had to keep pumping, and if one stopped the water level would rise in the other.

Gold Fields was not prepared to take on the extra pumping, or indeed to pay for extra pumps.

The news of the mine closures, putting more than 700 people out of work in an area of high unemployment, was taken calmly by the Government at least until Mr. David Penhaligon, the Liberal MP for Truro, managed to turn the closures into a political issue by apparently invoking the Lib-Lab pact.

It became clear that Government aid would be forthcoming but that permanent losses would not be underwritten. This led to the breakdown of talks with Gold Fields.

Several companies were seen as potential lifelines but they disappeared: Saint Piran, the majority owner of South Crofty, largest of the Cornish mines, and even Cornwall Tin.

At this stage the name of Sprinkel began to circulate in Cornwall. Mining men knew him for his work in putting together a package which was

searched for City funds. They acknowledged that it was a high risk venture, but argued that the new Sprinkel management team could succeed where Gold Fields had failed because their administrative structure would be light. Further, by concentrating on underground development, they would be able to avoid the difficulty Gold Fields

of the RTZ commitment. The group sees an exploration programme lasting 16 months, but it has not stated how much it is prepared to spend on it, or how much it is seeking from the Government.

The minimum it would presumably expect is the 35 per cent contribution permitted under the Mineral Exploration and Investment Grants Act 1972. But if the question of a future operation arises—and RTZ is likely to want this settled before it goes down to Cornwall—then the Government will no doubt be asked to agree on meeting a significant part of the costs of a development plan.

It has been suggested in the past that the Government would be prepared to provide a package of industry Act funds and loans of up to £4m.

Certainly the initiative has now passed from Mr. Sprinkel's hands for the time being, and he must now be wondering whether he is to be cast in the role of joint venture manager, a project with RTZ in the background, or of subordinate in an operation run from London.

It is too early to tell—the exploration must be done first—but the history of Cornish tin mining this century suggests that success comes to those who run their operations locally. And RTZ is a highly developed group.

News analysis—PAUL CHEESERIGHT looks at the efforts being made to save the Cornish tin mine.

picked up by Dresser Industries and led to the reopening of a floatspar mine in Derbyshire.

Armed with a technical report put together by Dr. Calvert Armstrong of ACA Howe International, the mining consultants, Mr. Sprinkel put together a team of advisers and came up with a plan to spend £2m on buying the mine, underground development with a resumption of production in the third quarter of 1979.

If he could obtain private sector support he could then go to the Government for the balance of the funds he needed. That at least was the plan, and to help him he enlisted W. I. Carz, the City stockbroker.

Retrospectively, their campaign for support fell into two phases. Before Christmas they

had faced of intermittent flows of ore to the plant.

The City held back. There is no great understanding of mining ventures among the institutions, and no tradition of investment in what Canadians call junior mining companies. It, therefore, became obvious that Mr. Sprinkel would have to change tack. Only if he could ally himself with a major mining house would he be able to attract City funds.

The Government, paying out £20,000 a week to keep the Wheal Jane pumps going, took much the same attitude. So the second phase started in the New Year when the search started for mining company technical and financial support.

The alliance with RTZ was the end of that search, but what is not obvious is the strength

Press Council critics launch reform group

A NEW body highly critical of the Press Council and anxious to see it reformed has been launched. The group criticises the council's composition, work-rate and adjudications.

The Council to Reform the Press Council, is sponsored by Lord Avebury, Mr. Jacob Ecclestone, a member of the Press Council, Mr. Max Madden, a journalist MP, Mr. Denis MacShane, president of the National Union of Journalists, Mr. Bruce

Page and Professor Laurie Taylor of York University. It says that lay representatives (half the Press Council's membership) are "chosen by an appointments panel which is itself chosen by the Press Council—a circle of patronage which would have found itself at home in the 18th century."

The reform group complains that the Press Council has failed to put into practice recommendations made by the 1977 Royal Commission on the Press.

Camus cognac brands to be sold in Britain

THE French cognac producer, Camus, is to sell two brands in the UK. E. D. & F. Man (Victuals), the commodity broking group, has been appointed its UK agents. Camus, which claims to be the fifth biggest cognac producer in

the world, is offering Celebration and the top quality Napoleon cognac. E. D. & F. Man was previously sole broker for the supply of rum to the Royal Navy from 1978 until the traditional "tot" was stopped in the early 1970s.

Scottish new town wins £5.9m EEC bank loan

A LOAN equivalent to £5.9m has been granted by the European Investment Bank, the Community's long-term finance institution, for road, water supply and drainage development in Livingston new town, Scotland.

The loan has been made to the Lothian Regional Council for 15 years at 9.5 per cent and will cover about half of the expected cost. Development at Livingston—one of five "new towns" in Scotland built as economic growth centres and to take population overspill from congested city areas—first began in the early 1960s. Today its population is about 35,000 and nearly 10,000 jobs have been created.

Joggers risk injury

NEARLY TWO joggers out of three in Britain might be injured before the year is out, according to figures from Mr. Colin Dove of the General Council and Register of Osteopaths.

Injuries to the knee, achilles tendon, shin, ankle and heel are the most common.

Lancet disputes jobless link with death

By David Fishlock, Science Editor

RECENT CLAIMS that rising unemployment causes a sharp increase in the number of deaths have not been proved, according to a leading article in The Lancet.

The medical journal suggests that more needs to be learned about how people respond to unemployment—whether, for instance, it makes them smoke or drink more and points out that periods of rapid economic growth have also been associated with a rise in mortality rates.

Dr. Harvey Brenner of the Johns Hopkins School of Hygiene and Public Health in New York has suggested that a 1 per cent rise in unemployment, sustained for six years, could bring about 36,890 extra deaths in the U.S. and an increase in mental illness and crime.

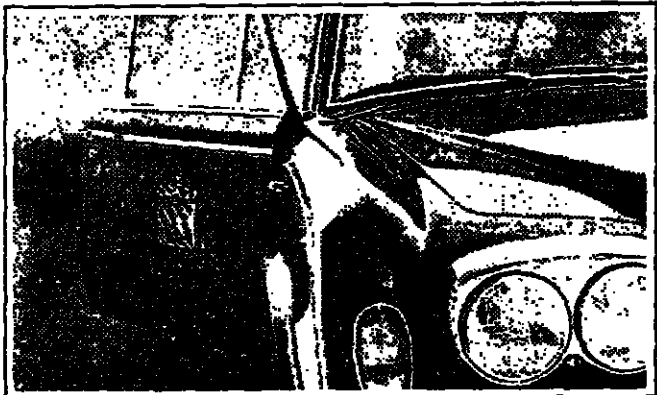
600 Group in new U.S. sales venture

A JOINT distribution company based in Elgin, Illinois, has been set up by The 600 Group of the UK and the Clausung Corporation.

Sir Jack Wellings, chairman of The 600 Group, said Clausung's financial contribution to the project was "substantial."

One of Clausung's greatest successes, so far as the UK is concerned, has been the marketing of The 600 Group's Colchester lathes. About 270 are now being produced a week. The link with Clausung is expected to strengthen The 600 Group's sales drive, later this year, for a new range of numerically controlled machine tools.

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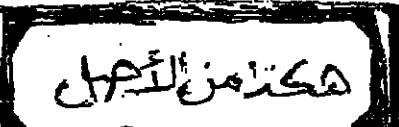
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- 1978 SHADOW II, Pasport blue with magnolia Everflex roof and trim, Under 5,000 miles recorded.
- 1978 SHADOW II, Chestnut with tan hide, Delivery mileage.
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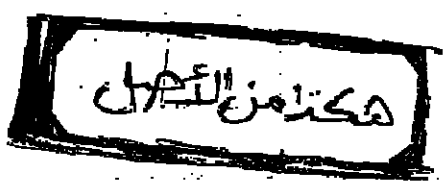
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PERSONAL

After their husbands have gone must war widows carry on the fight. Many of today's war widows, both old and young, need food and fuel to maintain homes and look after families. The annual Poverty Appeal is not enough to provide these needs. Please send donations to: The Royal British Legion, Department, Maidstone, Kent ME20 7UK.



Rees outlines security changes

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

TIGHTER SECURITY arrangements for Parliament and for the conduct of the general election were announced in the Commons yesterday, following the assassination on Friday of Mr. Airey Neave.

Mr. Merlyn Rees, the Home Secretary, told MPs that the IRA would not achieve its aim of disrupting the election campaign by the use of terror.

"Their objective and that of others who may be involved is both vicious and divisive, but they and their supporters should know that they will not succeed," he said.

"People who believe that they can change policy by the bomb and the bullet are elitists of the worst sort who think they know better than the electorate."

"It is the electorate who eventually decide—and that is what we are about now."

He also strongly denied newspaper reports that the Metropolitan Police had been sent a new list of IRA targets by the Royal Ulster Constabulary, but had failed to act upon it.

The Speaker, Mr. George Thomas, announced that he had approved a list of recommenda-

tions for tighter security at Westminster, which had been submitted by the joint committee on security representing the Lords and Commons.

The historic Westminster Hall, which attracts hundreds of tourists daily, will be closed to the public. The line of route which visitors follow through the corridors and the chambers of the Lords and Commons on morning tours will be suspended.

This means, in effect, that the majority of tourists will be banned although the public will still be allowed in to the galleries of both chambers.

MPs will be able to take round visits of up to six people and invited visitors will still be allowed in to attend social functions.

As a further precaution, visitors will have to come in through the main St Stephen's entrance. Police will be issuing advice to MPs on security precautions while the joint committee will be considering a detailed report on Friday's explosion and its implications to security.

Following the Speaker's statement Mr. Rees told the House

that general and specific protective measures had been enhanced by the police as a result of Friday's tragedy.

They were in touch with those MPs who were particularly at risk but, for security reasons, he was not prepared to give further details on this.

Earlier in the day, he held a meeting with organisers from the main political parties to discuss the protection of party leaders, candidates and the public during the election campaign.

As a result, all candidates and agents would be receiving police guidance on security.

The necessary precautions were a matter for Chief Officers of police but the Home Secretary emphasised that everyone concerned in the election must show increased vigilance.

The Home Secretary dismissed as "unsubstantiated and mischievous rumours" reports that the police in Northern Ireland were in possession two weeks ago of a new list of IRA targets and that they passed it on to the Metropolitan Police who failed to act upon it.

"I want to make plain to the

House that this is untrue," he said.

The Chief Constable of the RUC had seen the newspaper reports and had confirmed that no such "death list" had been in their possession.

The Home Secretary's remarks about security were endorsed by Mr. David Howell, the Conservative home affairs spokesman, who agreed that nothing the terrorists could do should be allowed to interfere with the democratic operation of the election.

Mr. Eidon Griffiths (C. Bury St. Edmunds), the Commons representative on the Police Federation, said there were fears about the potential danger from guided missiles.

These might fall into the hands of terrorists who might have obtained them from the NATO or Warsaw Pact forces.

He also urged the Home Secretary to make sure there were sufficient trained staff available to the various specialised and armed squads of the Metropolitan Police.

Mr. John Biggs-Davison, until recently the deputy Conservative spokesman on Ulster,

emphasised the importance of continued close contact with the government of Eire on security.

The subject of capital punishment was raised by Mr. John Stokes (C. Halesowen and Stourbridge). He wanted an assurance that punishment for convicted terrorists was a sufficient deterrent. Life sentences did not always last for life.

Mr. Clement Freud, the Liberal spokesman on Northern Ireland, was admonished by the Speaker who complained of the "discourtesy" of Commons security staff who had not informed him that a weekend lunch for some of his constituents at the Commons had been cancelled.

Mr. Freud also complained that yesterday his car had been examined by a security man with a lighted cigarette in his mouth. Such "panic measures" did not help, he maintained.

But the Government is still holding to its forecast that much of the fall in the level of manufacturing production in January will be made up in the next few months.

This was emphasised by Mr. Alan Williams, Industry Minister, in the Commons yesterday when he rejected claims by Conservative MPs that the loss of manufacturing production in January exceeded that which



Civil service pickets stop Michael Foot outside the Cabinet Office, Whitehall

BSC lost £50m in January

BY IVOR OWEN

THE BRITISH Steel Corporation is estimated to have lost £50m in January as a result of the road and rail disputes and the bad weather.

But the Government is still holding to its forecast that much of the fall in the level of manufacturing production in January will be made up in the next few months.

This was emphasised by Mr. Alan Williams, Industry Minister, in the Commons yesterday when he rejected claims by Conservative MPs that the loss of manufacturing production in January exceeded that which

occurred under the Heath Government during the three-day week in 1974.

He stated that the provisional estimate of the index of production in January was 94.9 based on 1975 equalling 100. The corresponding figure for January 1974 was 101.8.

But the Minister's assertion that the lost production would be made up in the next few months, while the shortages arising from the three-day week had extended over the following two years, was dismissed as "not true" by Mr. Tony Durant (C. Reading North).

Mr. Kenneth Clarke, a Conservative industry spokesman, insisted that between the autumn of 1973 and the autumn of 1978 the level of manufacturing production had fallen by 6 per cent.

This showed that the Government's so-called "industrial strategy" had failed.

Mr. Eric Varley, Industry Secretary, told MPs that the Government was looking very closely at the provision of coking coal for BSC. He hoped that an early announcement would be made on the coal imports.

Airey Neave tributes

The Prime Minister vowed yesterday that Airey Neave's killers would not defeat Britain's endeavours to secure peace for Ulster.

Mr. Callaghan said in his tribute to the shadow Northern Ireland Secretary, who was murdered on Friday. Nothing that has happened must be allowed to deflect any of us from endeavouring to secure peace and justice for all the people of Northern Ireland.

Mrs. Thatcher, a close friend of Mr. Neave, told MPs of her "grief and horror at the contemptible assassination."

"We don't expect these things to happen in this country, but somehow, they have happened here," she said.

Mrs. Thatcher said that it was partly because of men like Mr. Neave that MPs met to assemble in the Commons for these debates.

"Tragically he fell victim to a group of people who, because they were unable to conquer men's hearts and minds by persuasion, turned to killing and murder."

Mrs. Thatcher declared: "We condemn them with all the power and strength at our command."

The Prime Minister said she wanted to associate the Government and all MPs with Mrs. Thatcher's statement about "this tragic, violent and despicable murder."

"Mrs. Neave and her family have the profound sympathy of all of us and we trust she will gain strength to uphold her in what will undoubtedly be a difficult passage for her," he said.

He also expressed sympathy to Mrs. Thatcher and shadow ministers who had lost "a valued and esteemed colleague."

"I share with her the view that nothing that has happened must be allowed to deflect any of us after this violent and evil happening from endeavouring to secure peace and justice for the people of Northern Ireland."

In the Lords, the Lord Chancellor, Lord Elwyn-Jones, said Mr. Neave was a Great Englishman whose war experiences had made him a determined and uncompromising opponent.

Varley confirms £150m booster for BL

BY IVOR OWEN

THE National Enterprise Board will provide £150m in new equity funds to help meet BL's financial requirements in 1979, Mr. Eric Varley, the Industry Secretary, confirmed in the Commons yesterday.

When questioned about the report in the Financial Times on Monday that BL was engaged in talks with a Japanese company about collaboration on car production in the UK, he made it clear that, in the event, it will be for the NEB and the Government to approve any joint ventures.

Mr. Varley emphasised that, in the first instance, it would be for BL—former British Leyland—to judge which foreign companies and which projects offered the best opportunities for mutually beneficial collaborative arrangements.

He pointed out that the NEB was aware of BL's wish to establish co-operative ventures and indicated that the Government shared the company's objectives.

Mr. Hal Miller (C. Bromsgrove and Redditch) suggested that any collaborative arrangements between BL and the Japanese company should be subject to approval by the House of Commons in view of the extent of public funds involved.

The Industry Secretary was joined by his junior ministers in staging an extended dress rehearsal of the tactics to be employed by Labour during the general election campaign in challenging Conservative

leaders to make it clear whether they proposed to abolish the National Enterprise Board.

Mr. Varley, who has repeatedly underlined the extent to which BL's future is dependent on the NEB, contended that abolition was official Conservative policy.

With Labour backbenchers expressing abundant cues he pointed out that BL employs 200,000 people directly and probably provides jobs for twice as many more in allied industries.

Sir Keith Joseph, the shadow industry minister, confined himself to asking Mr. Varley to recall his emphasis which ministerial statements had repeatedly placed on the fact that further cash for BL from the taxpayer must be dependent on rising output per man and rising market share.

"Have output and market share improved?" he demanded.

Mr. Varley replied that BL's performance had improved over the last 12 months.

"But the future prospects of the company did depend on improving performance and continuity in production."

He thought that the Midlands and other areas would take note of the fact that Sir Keith had not confirmed that a Conservative Government would continue to support BL.

Mr. David Crouch (C. Canterbury) called for a definitive

statement of Government policy. More than £600m of taxpayers' money had already been advanced to BL and now a further £150m was to be provided.

What limit was the Government prepared to impose on the investment of money in BL?

Mr. Varley maintained that the Government's policy was clear. The establishment of the NEB was one of the most hopeful innovations since the war and Labour wanted it to continue.

There were cries of "Oh" from the Government benches when Mr. Nicholas Budgen (C. Wolverhampton SW) urged ministers to tell the chairman of the NEB that no new investment should be made, apart from meeting the immediate needs of BL and Rolls Royce, until the outcome of the general election was known.

Mr. Gerald Kaufman, Industry Minister, refused to give such an undertaking but promised to tell the thousands of workers employed by Fairley Engineering, ICL and Ferranti, who knew that their jobs were safeguarded by the NEB, that their position would be in jeopardy in the event of a Conservative Government being elected.

On the same theme, Mr. Leslie Huchfield, Industry Undersecretary, underlined the fact that a total of 350,000 workers were employed by NEB companies.

Move to delay trial

AN APPLICATION is to be made in the High Court today to change the date of trial of Mr. Jeremy Thorpe, the former Liberal leader.

The application is to be before the Lord Chief Justice, Lord Widgery, at 2 p.m. it was officially stated at the Old Bailey.

Mr. Thorpe and others are due to stand trial at the Old Bailey on April 30 on a charge of conspiracy to murder.

After the announcement that the general election will be on May 3, Mr. Thorpe's solicitors said they would seek an adjournment of the trial so that Mr. Thorpe could stand for re-election.

The application was delayed until after the North Devon Constituency Liberal Association had decided that it wanted to re-adopt Mr. Thorpe as its candidate.

Grunwick damages

GRUNWICK Processing Laboratories and its managing director, Mr. George Ward, yesterday accepted "substantial" damages and costs in settlement of a High Court libel action in London over a newspaper article which alleged the company had been unfair to its employees.

The company and Mr. Ward had sued Mr. Kevin Macnamara (Lab., Hull Central) who wrote the article: The Catholic Herald, who published it, and Mr. Richard Dowden, the paper's editor.

Mr. Richard Hartley, QC, for the plaintiffs, told Mr. Justice Forbes that the Catholic Herald article on August 3, 1977, purported to describe conditions at

Jobs cost queried

Grunwick's two factories in north-west London.

It was stated that the company had behaved in an unfair and harsh way towards its employees and that it was paying them low wages.

These statements were totally unfounded and were a serious reflection on the moral and business practices of the company and Mr. Ward.

"There is, and has been, no exploitation of the company's employees," said counsel.

"The defendants acknowledge the lack of foundation for the allegations, withdraw the statements without reservation and express their regret publicly for the serious libels for which they were responsible."

THERE ARE no wabout 3,000 "quangos" jobs, the House of Lords was told last night.

Lord Peart, the Leader of the House, said the total was "not far off" this figure.

The Earl of Lauderdale (C.), had referred to news paper reports of a study by Philip Holland, Tory MP for Carlton.

Mr. Holland identified 3,068 "quangos" — Quasi-Autonomous National Government Organisations — either wholly or partly made up of Government appointees.

Several peers urged the Government to check on the cost of "quangos."

Sir Alfred Broughton dies, 76

Sir Alfred Broughton, the Labour MP whose absence through illness was a critical factor in the Government's defeat last week in the Commons confidence vote, died yesterday.

Though Sir Alfred's vote would have saved the Government, Labour leaders decided that he was too ill to attend the Commons.

Sir Alfred, who was knighted in 1969, had been MP for Batley and Morley since winning the Yorkshire seat in a by-election in 1949. He was 76.

A physician, he worked in London hospitals before opening a medical practice in Batley in the 1930's. After wartime service in the RAFVR, he continued to practise medicine until he entered politics.

Sir Alfred had been a member of Batley borough council and was a freeman of the town.

At Westminster, Sir Alfred was a Labour whip from 1950-1964. From 1964-76 he was a member of the Speaker's panel from which the chairmen of Commons committees are appointed.

He had been treasurer of the Commonwealth Parliamentary Association and, during the 1970's, was a member of delegations to the Council of Europe and Western European Union.

Liberals seek to put back local elections

LIBERALS in the Commons yesterday tried to postpone the district council elections which the Government plans to hold on the same day as the General Election.

A proposal to put off the town hall elections from May 3 was moved by Mr. Stephen Ross (Lab., Isle of Wight).

MPs were debating the Representation of the People Bill which was being sped through the Commons to allow both sets of elections to be held on the same day.

But the measure does provide for the postponement for three weeks of parish and community council elections.

Mr. Ross said all agreed that the General Election was very important.

"But the integrity of the district elections must also be maintained and this could surely be achieved by having them on a different date. We suggest a postponement of three weeks."

He believed the way in which the Bill had been introduced was "a thorough disgrace." It had been introduced only because the Labour Government believed it would get them a bigger vote.

The Bill made no mention of any compensation to parish councils—many of which had spent considerable sums on mounting elections campaigns, only to find there were now postponed.

Mr. Ross said that in his own constituency—the Bemburgh Parish Council had been trying to set people involved in parish affairs only to find that their efforts towards May 3 had been thwarted.

"Are we going to compensate these people who work on shoe-string budgets for the expense of the material they have already produced?" he asked.

Mr. Merlyn Rees, Home Secretary, said the Bill was "a bridging operation to ensure that the elections were conducted in the most simple and straightforward way possible."

The measure provides for polling booths for both elections to be on the same premises, and open from 7 a.m. to 10 p.m. on May 3. It also lays down that ballot papers must state in bold type the election to which it

Whale of a campaign problem

LABOUR MP Mr. Ted Bishop has run up against some unexpected opposition in his bid to keep his Parliamentary seat at the coming general election.

Over the weekend, hundreds of fly posters appeared around the Nottinghamshire constituency of Newark, which Mr. Bishop has represented at Westminster for 14 years.

The posters declared: "Last year, Ted Bishop killed hundreds of whales." They urged voters to tell their MP they will not vote for him unless he undertakes to halt UK imports of sperm whale oil.

As Minister of State at the Ministry of Agriculture and Fisheries, Mr. Bishop is responsible for controlling imports of whale products.

The posters are the work of the Newark Whale Action Group, which is associated with the Friends of the Earth conservation organisation.

The group has also delivered 3,000 leaflets expressing the same sentiments to Newark constituents.

Miss Florence Price, Mr. Bishop's election agent, said yesterday that she had warned the group that by effectively campaigning against Mr. Bishop they could be contravening electoral law.

If they did not remove the posters, police and the local returning officer would be informed, she declared.

"Only official election agents are legally entitled to spend money on an election campaign," Miss Price said.

But Mr. Tony Marson, of the East Midlands branch of the Friends of the Earth, said there was no question of the posters being taken down. He added that a further 37,000 leaflets would be delivered.

"We are not trying to lose the seat for Mr. Bishop," he said. "We are simply trying to save the whales."

At Westminster yesterday, Mr. Bishop said he was saddened that the conservationists had launched this attack.

"I thought I had quite a good relationship with the Friends of the Earth," he said.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● CORROSION PREVENTION Protects against salt-laden air

FIVE YEARS of tests on an aircraft have shown how a paint primer and sealant could double the life of corrosion-prone structures and articles, including vehicle bodies, exposed to the sea air, according to the scientist who has conducted the work.

Dr. Robert N. Miller of Lockheed-Georgia Company, estimates it would cost about £25 to apply the new chromate inhibited polysulphide to the underbody of cars and effectively double their life.

In 1973 the sealant and primer was applied to six test areas of a C-130 Hercules transport. It was used as an intermediate coat between an epoxy polyamide primer and a polyurethane top-coat.

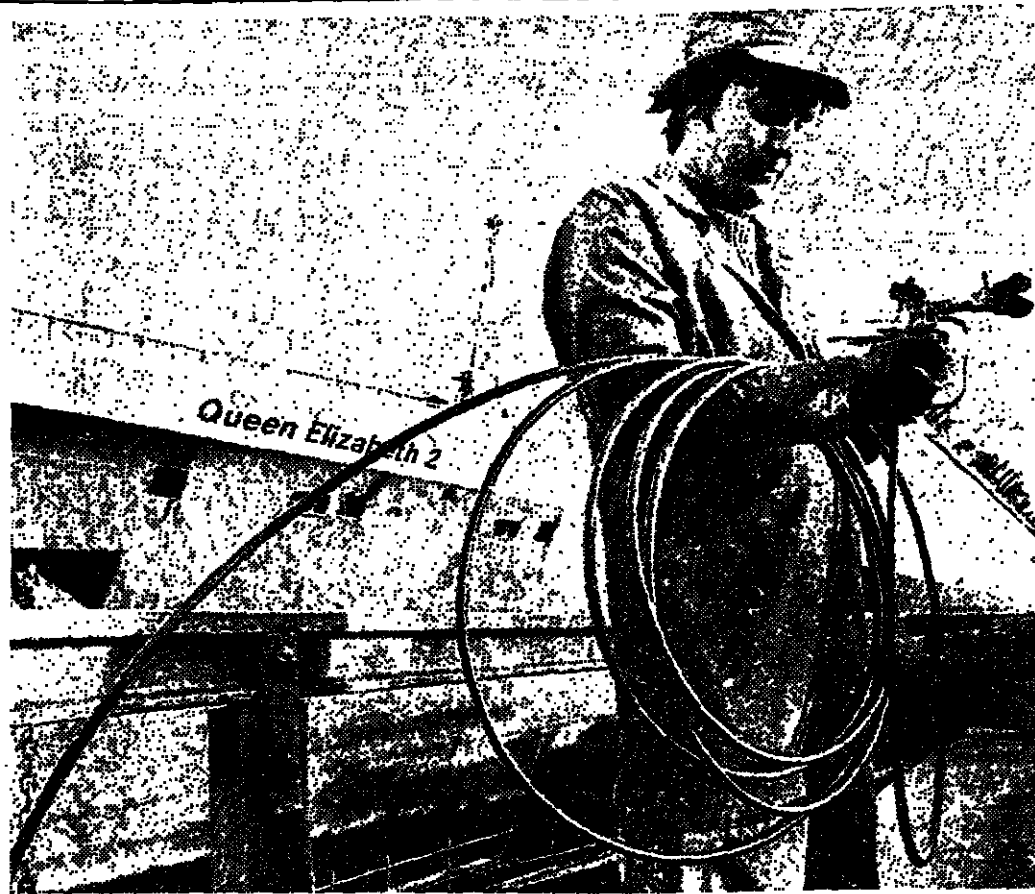
The aircraft then went off to

operate normally from bases in Hawaii and the Philippines close to the sea. Now, five years later, the areas have been stripped and the metal surfaces are in excellent condition. There is no trace of exfoliation corrosion around the rivet holes where the first signs usually appear, Dr. Miller has disclosed.

In earlier tests with the same polysulphide on B-52 aircraft normally flying high and away from the salt sea air, the U.S. Air Force found that it almost doubled the life of the planes' paint.

Generally, aircraft are repainted every two to two-and-a-half years to prevent chips and scratches they suffer causing corrosion.

Lockheed Georgia Company, Marietta, Ga 30063, U.S.



During the last refit of the QE2, the whole of the liner's underwater surface, or some 12,000 square metres, was gritblasted, followed by the application of eight coats of paint using Nylabow 204 bonded lightweight hose, by International Marine Contractors, a division of International Paints. Some 250 ft of hose

was used on each of eight pumps and the Nylabow 204 was supplied as bulk hose in coils by Polypenco and made up into lengths as required on site. This hose was used because of its light weight, which enables the operator to work at greater distances from the pump and at heights of 90 ft or more. Polypenco on 07073 21221.

● SECURITY False alarm filter

RIPPLE MEMORY developed by Notecalm of Bedford, will very sharply reduce false alarm calls which, according to statistics from police and insurance companies, account for some 95 per cent of call-outs with general alarm systems.

Notecalm DT3 is designed to sense intruders and vandals on the outside of property and prevent entry—the attendant damage can be the major cost of a break-in even if little of value is actually taken. The portable unit contains a high output (101 dB) alarm to sound for up to four minutes, two 150 watt floodlights and standby batteries, and will protect 15,000 sq. ft.

It works on an acoustic principle, sensing intruder noises in the area it is protecting, whereas most other alarms in this price bracket detect either movement or heat and are easy to trigger accidentally. Sensi-

tivity can be set to different levels to take account of the surrounding environment, for example high for a quiet room in a hospital where there should be little background noise, but lower for a retail shop on a busy main road.

Ripple memory (for which patents are pending) ensures that only a sustained attack on the premises, or a deliberate entry attempt, such as that causing shattering glass or splintering wood, will trigger the alarm mechanism. Batteries contained within the unit provide a standby power source for up to 48 hours in the event of a mains failure or cut lines.

The alarm has facilities for remote arming and disarming, activation of ancillary equipment, connection to existing systems and charging of external equipment.

Notecalm, 4 Ashburnham Road, Bedford, Bedford MK23 64059.

● SAFETY Protects a lengthy structure

ACCEPTANCE TESTS have been concluded of a linear fire detection system for the protection of some of the high risk areas in the intersecting storage rings complex at the European Centre for Nuclear Research in Geneva.

Designed and manufactured in Britain by Alarmline of Elythe, Southampton, the system protects power and control cables feeding into the complex, some of which are exposed to moderate levels of radiation.

Alarmline equipment is based on a heat sensor cable, less than 3 mm in diameter, in which temperature changes produce variations in electrical characteristics that are constantly monitored within the associated control equipment. Being part of an analogue system, the sensor is equally capable of detecting a local hot spot or a lower rise in temperature over a length of up to 200 metres; it will recover to an alert condition after an alarm, provided it is not heated to destruction. In destruction it will ultimately fail, always to an alarm state.

At CERN, Alarmline has been used to protect power and control cables to one of the experimental magnets and the "Low Beta Insertion" operating at

surface temperatures of between 45 degrees C-60 degrees C. Here the prime function is to detect cable overheating and Alarmline sensor has therefore been mounted in zig-zag formation in direct contact with the cables.

Alarmline, Elythe, Southampton, SO4 6YE. 0703845565.

Pads made safer to land on

OUR Oslo Correspondent reports that Safedec, a helicopter deck for oil platforms with a built-in firefighting system, has been put on the market by a Norwegian group—Oil Industry Services of Kristiansand.

The deck's firefighting device is the invention of a Norwegian helicopter pilot, and consists of a network of pipes, which can foamcoat the deck in less than a minute. Over this network is a grating, designed to take the weight of the heaviest helicopter which will hold the foam in place, even in a high wind.

In addition, the grating further restricts the supply of oxygen to the fire, helping to smother it quickly. The company claims its system reduces flame heights by from 70 to 90 per cent, compared with conventional decks.

Helicopters operating in offshore shuttle traffic must carry

enough fuel to take them back to the nearest on-shore base. If a helicopter crashes on an oil platform, this reserve fuel can be ignited, flooding the deck with burning petrol, and hampering rescue and fire-fighting.

"Safedec" it is claimed, would almost immediately extinguish the fire on the deck itself, allowing firefighting personnel to concentrate on putting out the blaze in or on the helicopter and evacuating its passengers and crew.

The grating is non-slip, allowing personnel to cross safely. Its high-friction surface helps hold the helicopter in place, thus eliminating the need for rope landing-nets. In the event of a platform fire, or blowout, the "Safedec" system can be used to cool down the deck, simply by pumping water through it. This could be vital if evacuation of the platform became necessary.

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Foils the shopbreaker

LATEST OFFERING from Chubb Alarms, 42 Hershaw Road, Walton-on-Thames, Surrey KT12 1RY (08322 43851) is aimed particularly at small business premises and can be installed for £350 with an annual £65 comprehensive maintenance contract.

Heart of the system is a short-range movement detector suitable for enclosed areas such as offices, shops and lock-ups. Neat and unobtrusive, it works on the Doppler principle and uses ultrasound projection.

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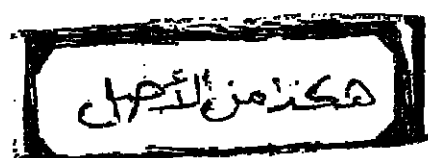
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THE JOBS COLUMN

Professional to manage surprising growth

BY MICHAEL DIXON

"WE HAVE been asked to find the chief executive of a growing organisation," purred Peter Giblin, of international head-hunters Russell Reynolds Associates. The family-owned would-be employer designs, develops, markets, builds and runs on behalf of customers highly technological systems for farming both livestock and crops.

The pun completed, Mr. Giblin produced a surprise. The job was in Saudi Arabia, he added. No joke. Although the group originated in the British Isles, it now draws by far the major part of what I am told is about a £20m turnover from farming in the desert or, in its own terms, the semi-arid regions of the world where it apparently foresees the bulk of its future expansion also.

Russell Reynolds may not name the company (and therefore promises that any applicant who so requests will not be identified to the employer until permission is given later).

From another source, however, I gather that even though farming in areas of the desert-kind requires large capital outlay, this particular group calculates that farming by its systems enables project capital to be written off over six years or so.

The associated farms in Saudi Arabia have already brought more than 600 hectares of virgin desert under intensive cultivation of forage crops, at yields which are reckoned capable of supporting 10 cows a hectare. The cattle population is scheduled to total 3,200 at the end of this year and 6,000 in 1982, and the milk-production target on established farms is 6,000 litres—or about £2,700 a year at present wholesale prices—for each cow, without taking account of the animals' sales value.

The entrepreneurial and technical forces of the business will continue to be the main concern of the founders. So the main task of the new chief executive at the Riyadh base will be to develop fully professional management systems throughout the group, which currently employs about 250 people, some three quarters of them from the original home country.

Planning on a three- to five-year basis is likely to be among the managerial disciplines to be established in the business, which has divisions dealing respectively with the farming operations, technical services and equipment, marketing of new farm "packages," construction and procurement, and a financial section under a chief accountant.

The prime need here is for

someone who is enough of a professional to establish the managerial case effectively with the two founders who, I hear, are strong characters. Candidates must be experienced in general management and have particular strength on the commercial and marketing sides. They could already be running a big division or the number two decision-maker therein, and the best background would probably be a group such as Unigate, Express Dairies, Cadbury Schweppes and suchlike, or a successful farmers' co-operative.

The desired age range is about 35-45 and, in spite of the particular forbearance required of women in Saudi Arabia, a married man would be preferred. High-standard family accommodation is promised, I gather free of charge, and the other perks include a chauffeur-driven car.

Salary is not specified which, since I am hardly familiar with Saudi Arabia, makes me more than usually conjectural in producing the "guesstimate" required by hallowed Jobs Column traditions. Even given for a recruit of United Kingdom origin, at least—I feel that the group will have to be prepared to pay upwards of £30,000, plus a bonus.

Another thing which needs

emphasising is that Peter Giblin is not interested in candidates attracted purely by the prospect of bearing a few years in Saudi Arabia and with a handsome capital sum in pocket then shaking the sand off their sandals. Applicants must be prepared to "live" the chief executive's job just as they would if it were based in some utterly desirable place such as Paris or my birthplace, Dukinfield in Cheshire.

Such people should write including career details to Mr. Giblin at 1 Mount Street, London W1Y 5AA, telex 881202L.

There again

WHILE we are still in Saudi Arabia, although now in the industrial region of Eastern Province, Brian Saltzer of West One Selection is seeking a general manager for a business providing large-scale inspection and quality-control services to petrochemical and associated contractors.

Although he may not name the employer (the guarantee to honour requests for non-identification applies, as in all such cases), the job's responsibility is to the engineering vice-president of the U.K. subsidiary of a United States group. From the Eastern Province base, the newcomer will take charge of work

—mainly non-destructive testing of pipeline complexes—also throughout the Gulf States. An engineering qualification is desired, but most important is experience of managing major contracts in Saudi Arabia. The general manager's workforce, by the way, is of mixed nationality and includes several expatriates.

Given such experience, candidates could come from anywhere. Salary in UK terms £20,000 tax-free plus yearly bonus as part of annually renewable contract. Free accommodation—married candidates again preferred. Car and other expatriate perks. Written applications to Mr. Saltzer at 61 Berners Street, London W1P 3AE, telex 28604 ref. 3013. Telephone inquiries to 01-636 8791.

Everywhere else

WHILE we are still with the petrochemicals area, Brian Saltzer is also seeking a qualified engineer to work from London as a business development manager covering all parts of the world except the Middle East. The business to be acquired is specifically construction-only projects for petrochemical and other process plant for products such as fertilisers.

Demonstrable success in

similar big-money dealing is required by the unnamed employer—once again the U.K. subsidiary of a major U.S. multinational. Big-organisation background preferred. Experience in negotiating at high levels of business and government is essential, of course. Provided candidates are culturally transferable, their nationality matters little.

Aged almost certainly at least 40, the newcomer will report to the construction director of the UK company.

Basic salary around £18,000. Other benefits negotiable.

Change line

READERS with a qualification in accountancy, law or whatever and experience in industrial or commercial management, and who fancy branching into executive recruitment, are being sought by John Featherstone, of Hoggart Bowers Selection.

While he is based in Yorkshire (Minerva House, 29 East Parade, Leeds 1—tel. 0532 448681) the posts could also be in Scotland, the Midlands or Manchester. Age about 35. Contacts with potential clients would help, but experience of recruitment not necessary as training will be provided.

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Director and Secretary

The Thomas Coram Foundation for Children is an old established but very active charity specialising in pre-school provision (under fives), adoption, fostering and counselling for children and young adults.

The Director operates as chief administrative officer and secretary to the Court of Governors. Although professional staff run the three caring departments, a knowledge of, and demonstrated ability to learn about, the legal and professional requirements of modern child care are essential.

In addition the Foundation has a long artistic tradition. Its Picture Gallery and Museum are open to the public. Handel concerts are given and its main rooms are let to other organisations to supplement its investment and property income.

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LEGAL NOTICES

THE COMPANIES ACT 1948

IN THE MATTER OF IRWIN PHOTOGRAPHY LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN pursuant to Section 283 of the Companies Act 1948 that a Meeting of Creditors of the above-named Company will be held at 36 Fumival Street, London EC4 on Thursday 1979 at 3 p.m. in the afternoon for the purposes set out in Section 284 and 285 of the said Act. Dated this 29th day of March, 1979. R. H. PAINES, Director.

UK NEWS — LABOUR

Tory labour relations reform 'would unleash whirlwind'

BY NICK GARNETT, LABOUR STAFF

A WARNING that the Conservative Party's programme for reforming industrial relations would unleash a "whirlwind" of trade union opposition was made yesterday by Mr John Miller, the Transport and General Workers Union national secretary for chemicals. That opposition, Mr Miller told a conference on pick-

ing and labour relations law, would make the trade union resistance to the 1971 Industrial Relations Act look like a "Sunday picnic". The Tory programme would render unlawful a wide area of what had been considered normal trade union activity. It was a crude attempt to reinstate some of the elements of the 1971 Act, Mr Miller

also attacked recent court judgments on industrial relations issues. These judgments were political, said Mr Miller, and were based not on law but on what the judges considered the public believed to be in the national interest. Courts were usurping the power of Parliament, he claimed. Mr Miller's attack on the

influence of law on industrial relations brought a sharp reaction from Mr John Harvey, a leading Queen's Counsel and a former Conservative Party Parliamentary candidate. Judges had a proven integrity and were incorruptible, Mr Harvey told the conference, organised by Oyez International Business Communications.

What was sacrosanct about any area of life which required that the law should stay out? Mr Harvey asked. Why should there be a presumption that unions act infallibly within their rules? Mr Harvey said that unions had no desire to defy the High Court. In line with current Conservative thinking, he

indicated that changes in the law should be within the confines of present legal institutions. He criticised the formation of separate industrial courts, as in the 1971 Act, which he said were isolated and vulnerable to attack. Recourse to the law should be a last resort but employers should not be afraid to assert their rights in the courts.

Largest steel union settles below 10%

BY CHRISTIAN TYLER, LABOUR EDITOR

ANOTHER public sector wage agreement of under 10 per cent was reached yesterday, between the British Steel Corporation and its largest union, the Iron and Steel Trades Confederation. But the Corporation's relief at reaching a deal with the ISTC's 60,000 manual and 20,000 staff members was marred by the refusal later in the day of the craftsmen's unions to accept the same terms.

The National Craftsmen's co-ordinating committee, representing 41,000 workers, registered failure to agree—for the third time in the course of its negotiations. ISTC negotiations accepted an 8 per cent basic rise and im-

proved holidays of a day and a half for manual workers and a day for staff, worth another 1 per cent of the wage bill. The main sticking point, for which an attempt was made to get arbitration going, was removed when the Corporation agreed to set up a joint working party to examine the possibility of consolidating a 5 per cent incomes policy supplement into basic rates from next January.

BSC yesterday also guaranteed minimum earnings of £50 a week—but steel process workers already earn well over that and only a few hundred are said to be likely to benefit. Average earnings are around £80 a week.

The Corporation said that much of the cost of the deal, which is backdated to January, would be recouped by local productivity and the industry's work-measured incentive scheme. Meanwhile the craftsmen are pursuing a claim for a 9 per cent rise as well as extra holidays. The ISTC had claimed 8 per cent to take care of inflation, plus 4j per cent for past productivity, some of it to be taken as a cut in standard hours. The National Union of Blast-furnacemen, usually among the last to settle, this year anticipated the ISTC with a deal for its 11,000 members in BSC.

Highland oil strike over

Financial Times Reporter

THE TWO-MONTH unofficial strike by 1,550 construction workers at the Highland oil platform at Nigg, Ross-shire, is over.

A meeting yesterday of the workers employed by Highlands Fabricators voted 456 to 304 to return to work after a management pay offer of 3j per cent. This is on top of a 5 per cent settlement agreed last November, but the men downed tools for 10 per cent and improved conditions.

The yard is at present carrying out five important contracts for four major oil companies and full-time officials of the four unions involved and the Department of Energy warned that the strike action could endanger the yard's future.

'Severe damage' caused by advert blacking

FINANCIAL TIMES REPORTER

BOOTS and Trust House Forte would suffer very severe damage if a print union was not ordered to lift its ban on their advertising, their counsel told the Appeal Court in London yesterday.

The two companies are among newspapers and other organisations fighting a campaign by the National Graphical Association, which is blacking advertisements in the Nottingham Evening Post, with which the union has a recognition dispute.

The union took the case to the Appeal Court after a judge made a temporary order that the blacking must stop. Mr Robert Alexander, QC, said that the union had suggested that all would be "fine and dandy" if the advertisers took the line and stopped advertising in the

Nottingham paper. It was not only the question of the gravity of damage. The court was entitled to consider the widespread inconvenience to newspapers, members of the public and even their members of the NGA, said Mr Alexander.

Mr. Ian McLaren, for Nottinghamshire Area Health Authority, said the blacking campaign had led the obligation to advertise for doctors, nurses and other hospital staff. At present there were 440 staff vacancies.

Lord Justice Lawton said: "Quite apart from what Parliament has said, people may be dying because the right kind of consultant is not there. Nothing can be done for them?" The hearing continues today.

Postal disruption ending

By Alan Pike, Labour Correspondent

POSTAL SERVICES in the London area show signs of returning to normal after unofficial industrial action which caused serious disruption last week.

However, the Post Office said yesterday that in spite of some improvement it could not yet remove restrictions on rebate and bulk postings for or through London. It is continuing to advise customers to defer posting non-urgent mail.

"We are doing all we can to clear arrears, but restoration of services to normal is likely to take several days." Some unofficial action may still be taking place in the London area, but much less than last week. This will increase the hopes of leaders of the Union of Post Office Workers, that members will accept a pay offer worth productivity, 12 per cent.

The union would like early acceptance of the offer in case a change of government next month alters matters.

Field day for fare evaders

Financial Times Reporter

LONDON TRANSPORT train ticket collectors went ahead yesterday with their refusal to handle excess fares—giving bidders a variable field day.

The 2,000 collectors, all members of the National Union of Railwaymen, staged their day of protest because they are angry at allegations that they are pocketing up to £2.5m a year in cash handed to them by travellers.

Council clerks may claim 15%

BY PAULINE CLARK AND ALAN PIKE

REPRESENTATIVES of 500,000 white-collar local government staff will be asked next month to endorse a pay claim for 15 per cent plus a comparability study similar to the one being undertaken for public-sector manual workers.

The National and Local Government Officers' Association will press for a comparability exercise on the same terms as the one covering manual workers, with an immediate payment on account and payment of 50 per cent of the award in the current wage round.

This is likely to present the union with a battle. Ministers have made it clear that the time-scale for paying the manual workers' comparability award, 50 per cent in August and the rest next April, was a special recognition of their low-paid status.

Other groups can expect to wait longer before recommenda-

tions of the new standing commission on comparability take effect. The NALGO Local Government Committee will meet to approve the claim, which includes a demand for a 35-hour work week next month.

Mr Mike Blick, chairman of the committee, said yesterday that white-collar staff were the only local government group not to have been treated as a special case. The claim was an attempt to bring them into line.

Representatives of 5,000 local authority electricians will decide on Friday what form of industrial action they plan to take over their pay claims. Health Service union leaders warned yesterday of "serious repercussions" if the National Health Service professionals' workers' claim for a comparability study was treated less favourably than that awarded to nurses.

Miners seek rule change

BY CHRISTIAN TYLER, LABOUR EDITOR

THE BIGGEST area within the National Union of Mineworkers, Yorkshire, is making a new attempt to extend the large coalfields' representation on the union's executive committee.

It is proposing a rule change at the union's annual conference in July that would give it five seats instead of three, and would also build up other areas at the expense of the small constituencies. The Right Wing draws much of its strength.

Another Left-wing led area, Derbyshire, is proposing that the presidency and general secretaryship—currently held by Mr. Joe Gormley and Mr. Lawrence Daly—should be sub-

ject to regular re-election every five years, along with all full-time area officials.

At present the executive splits 15 to 40 in the Right's favour. Yorkshire's proposal would increase the size of the executive and bring voting strengths more in line with the Left and Right area memberships which total about 128,000 and 135,000 respectively.

New wage targets in the preliminary conference agenda, published yesterday, include demands for minimum wages for workers on the surface of £80 and £100 a week, and of £148 a week for top-rated coal-face workers. Two areas are also demanding staff status for miners.

COMPANY NOTICES

NIPPON MEAT PACKERS INC. (CDRs) Business results of the first half year, ended January 31, 1979, as compared with the same period of last year (parent company only). Six month period ended Jan. 31, 1979: Sales 105,974; Ordinary profit 5,825; Profit after tax 2,580; Profit per share 17.87 yen. Six month period ended Jan. 31, 1978: Sales 96,638; Ordinary profit 4,698; Profit after tax 3,329; Profit per share 16.14 yen. Figures in million yen unless otherwise specified. AMSTERDAM DEPOSITARY COMPANY N.V. Amsterdam, March 26th, 1979

NOTICE TO BONDHOLDERS IMATRAN VOIMA OSAKEYHTIO 9% 20,000,000 European Units of Account 1975/1985 Guaranteed Bonds Pursuant to the provisions of the Purchase Fund notice is hereby given to Bondholders that no Bonds have been purchased for the Purchase Fund during the twelve-month period from March 29, 1978 to March 29, 1979. Amount outstanding: EA 20,000,000 MATRAN VOIMA OSAKEYHTIO April 3 1979.

CENTENARY FUND S.A. Notice of Annual General Meeting of Shareholders. The Annual General Meeting of Shareholders of CENTENARY FUND S.A. will be held at the office of the company, 12, rue de Valenciennes, 1050 Brussels, Belgium, on April 11, 1979, at 11 o'clock a.m. The agenda is as follows: 1. To hear and receive the reports of the Board of Directors. 2. To approve the balance sheet for the year ended December 31st, 1978. 3. To approve the profit and loss account for the year ended December 31st, 1978. 4. To elect the members of the Board of Directors for the year 1979. 5. To elect the members of the Board of Directors for the year 1980. 6. To elect the members of the Board of Directors for the year 1981. 7. To elect the members of the Board of Directors for the year 1982. 8. To elect the members of the Board of Directors for the year 1983. 9. To elect the members of the Board of Directors for the year 1984. 10. To elect the members of the Board of Directors for the year 1985. 11. 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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Innovation and production: Christopher Lorenz analyses three new international reports

Philips changes its approach to pulling in the winners

ONE OF the most technology-minded companies in Europe, Philips, is trying to give more emphasis to "market pull" innovation as opposed to the "technology-push" variety which originates in the research and development department. This significant shift in the policy of the electronics giant emerges from a booklet it has just produced on "Innovation in a multinational industrial company".

Engineers: leaders in Japan but laggards in Britain

ANYONE WHO still doubts the need for an urgent drive to improve the quality of production engineering in much of Europe—particularly in Britain—should take a look at two documents: a most revealing paper, by a Tokyo-based diplomat, on how Japan is gearing up for its industrial future; and a depressing new report from the British Institute of Management on the career development of UK production managers.



These, the report says, are typified by production engineers' relatively low educational standards and professional qualifications, their limited experience of other functions, and their modest aspirations of career progress. The report argues that production managers' main educational shortcomings are managerial, rather than technological. It says that the cited sources of least satisfaction among production managers—labour difficulties, and lack of significant influence at the top and on marketing and design—are inevitable consequences of the present "Cinderella-like" nature of the production function.

Cost consciousness boosts Civil Service savings

AMID ALL the controversy about the level of public spending, the Civil Service has quietly produced figures which show that a simple departmental "cost consciousness" exercise has produced savings of about £5m in one year. What is remarkable about the cost consciousness campaign launched last year is not the level of savings but the methods used to achieve them and the minimal funding required. The campaign fits into a wider exercise begun in the early 1970s to cut central government administrative spending including, for example, energy costs. Other exercises have looked at potential savings from possible changes in policy. Mr. Leslie Chapman, ex-civil servant and author of "Your Disobedient Civil Servant", proved the potential for trimming costs before resigning in 1974, by saving about £12m a year in the southern region of the then Ministry of Public Works. However, the cost consciousness campaign is fundamentally different from these other cost saving exercises since it attempts to involve individual civil servants and harness the potential of staff members to control and cut their own costs. The exercise has been achieved without the need for major administrative changes, and with the co-operation of civil servants on an individual basis. In March 1978 a Civil Service committee completed a study of possible areas for cost savings which identified, among other items, post and telephone charges, clerical and typing services. The cost consciousness campaign built upon that study. In the first year of operation information from departments suggests that as a result of the campaign a 1 per cent saving was achieved on the planned expenditure of £490m in 1978. While, clearly, it is difficult to assess the precise impact of the campaign on spending against other factors, departments have attributed savings of £2.5m in postal and telecommunications services alone to the exercise. In one department a saving of £40,000 has also been made in travel and subsistence payments in one year. The Department, at present reviewing the achievements of the first year, is now about to re-launch the campaign and is confident that savings on the same sort of scale can be maintained. While the Department has a key co-ordinating role in the campaign, the system primarily depends upon individual departments tailoring to their individual circumstances the general principle of "reducing the wastage of paper, expensive telephone calls, typing costs and electricity charges." The lessons learnt during the first year of the campaign can be summarised as follows: 1—The campaign must be supported at senior level and be designed to catch the interest of individuals. It must be directed at costs which individuals can control and based on simple information which is easily understood and related to activities at all levels. 2—Having begun the campaign, momentum must be maintained and staff must be reminded of the contribution they can make and be encouraged by actual savings attained. Apart from the cost-consciousness campaign other management initiatives have resulted in significant cost savings over the past few years within the Civil Service. In 1975 government postal and telephone expenditure totalled £93m, economies on the use of first class mail and telephone facilities, for example, resulted in savings of £10m in 1976 and 1977, taken together. An energy conservation programme resulted in savings of about £15m (25 per cent) in 1977, and an overall reduction in fuel consumption for the Service of 30 per cent over 1973 levels is close to achievement. Other savings have been made by using electronic communication devices such as "remote meeting tables," saving transport costs; by using typing pools outside London for non-urgent work; and by the more careful use of paper. In spite of all this, it remains true that the really large savings are probably to be found in areas such as manpower and staff costs and other fields such as the simplification of the social security system, but that these measures require political decisions which the Government may not wish to make. Paul Taylor

High pay

Engineers hold 67 per cent of board seats in the major Japanese manufacturing industries, according to a survey cited by Mr. Prentice. In some of the high technology areas, such as electronics and chemicals, all board members were engineers. This emphasis is also reflected in government. In the Ministry of Science and Technology one-third of top officials are engineers, according to Mr. Prentice; and in the Agency for Industrial Science and Tech-

Fringe benefits

Serious consideration should be given to the introduction of the "factory director's team" at each level in the organisation, giving production managers their own support staff of accountants, quality control and IR specialists, among others. Needless to say, the report also calls for salaries, fringe benefits and working conditions to be "not less attractive" than those for other executives. Japan: Technology and Industry, RTS 35, Department of Industry, Abelle House, John Islip Street, London SW1. BIM Occasional Paper No. 17: The Career Development of the Production Manager in British Industry, by Professor Roger Gill and Professor Keith Lockyer, sponsored by the Foundation for Management Education, From BIM Publications Dept, Management House, Parker Street, London WC2B 5PT. Price £3 for BIM members, £4.50 for others, both including postage.

Business courses

Telecommunications Today—A User Perspective, London, May 10-11. Details from ISL Information Studies, Regal House, Lower Road, Chorleywood, Rickmansworth, Herts., WD3 5LQ. International Marketing Seminar, Geneva, May 7-18. Fee: SwFr 5,000. Details from Admissions Secretary, Centre d'Etudes Industrielles, 4 chemin de Conches, CH-1231 Conches-Geneva, Switzerland.

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Telecommunications today - a user perspective 10-11 May, London. A two-day conference assessing the trends and developments in telecommunications influencing the use and directing the growth of data communications in European organisations. Further details from: ISL Information Studies Ltd., Regal House, Lower Road, Chorleywood, Rickmansworth, Herts. WD3 5LQ. Telephone: Chorleywood (08278) 4244. ISL logo.

18 LOMBARD Strikes and deterrents

BY ANTHONY HARRIS

AS THE Prime Minister points out, and will no doubt be pointing out again in the near future, this country is not particularly strike-prone: it is just that some industries are. We are, on the other hand, certainly more strike-obsessed than any other country in the world.

Management

What follows is strictly rational, and as far as I can manage it, entirely unemotional. It may therefore appear somewhat obvious, but I can't help that. The central thought is the most obvious, so let's get it over with. People strike because they think it best. They will go on striking until they think it doesn't pay. It is as simple as that.

In the short-term view, this is entirely a matter for management. The great majority of strikes (though not the big ones which dominate the statistics) are over some quite small local grievance. Strikes will often remain that way to attract the attention of management, and there may be something in that. Others simply know when they have their envelope over a barrier—the strikes that disrupt so many exhibitions near opening day, for example. Both classes of strikers usually get what they want.

Naturally, when strikers bring quick rewards, striking is encouraged. After a sufficient number of successes, strikers are not too fastidious about whether their demands are reasonable. You don't buy peace by giving way to strikers: You buy more strikes. There is another approach. Some managements have taken a clear decision that even where grievances are reasonable, striking is not a reasonable way to get them sorted out. The action which follows this thought, which I understand was initiated, for example, at Leyland's Cowlsey works even before Mr. Michael Edwards turned up, is to take great pains to improve grievance

procedures, but at the same time to refuse to talk to strikers at all. This is very costly and may get the establishment a bad name, but it can work. Cowlsey is now a fairly peaceful works, and according to Mr. Edwards, a notably productive one.

Management, then, should with sufficient determination be able to establish a new pattern as far as small disputes are concerned. Striking is just a way of losing a few days' pay. Negotiating, on the other hand, gets things done. Workers are mainly reasonable people, and such messages soon sink in. The big national wages strike is another matter; they happen in all Western countries from time to time. I don't know how to stop them, but I do know how to encourage them. You simply have to have an incomes policy without the means or the will to enforce it. An employer feels compelled to start negotiations with a very low offer which he knows will be rejected. Everybody walks out. The offer is raised and raised again, until in the end there is a settlement. The whole system might be designed to encourage strikes.

Propaganda

The damage cannot be measured simply by the size of the eventual settlement—though this may well be higher than would have resulted in negotiations start with a reasonable offer. The trouble is that the low starting offer is simply propaganda for the militants.

What I have written so far suggests a rather despairing message: if you want peace, prepare for war. However, there is another fact which never seems to get stressed in the mass media, for all their obsession with strikes. In the long run, even successful militancy does not pay. Some long television features on what has become of the docks in London and Liverpool, or industrial activity in general on Merseyside and increasingly in Strathclyde might make a highly educative change. The militants are not all powerful, but they are certainly helped by panicky reporting which makes them seem so, part again of our national habit of rewarding conduct we deplore.

NO INCOMING government in British politics has ever before faced such a dazzling galaxy of media developments as will shine over the next Parliament after May 3. Whether this heavenly glow will induce somnolence or stimulation remains to be seen. The issues will not only be matters which the legislature is obliged to resolve such as renewal of the ITV contracts, but a confusing mix of media problems. These could be neglected to the cost of the nation; or could present scope for some enterprising government action.

Parliamentary matters currently drifting in free orbit include the important proposals of the Annan Committee on the Future of Broadcasting (out of which the fourth television channel will go either to a new Open Broadcasting Authority or under the Tories to independent contractors); the stagnating plan for the establishment of a British Film Authority (proposed by Sir Harold Wilson's Interim Action Committee on the Film Industry); and the copyright law changes recommended by the Whitford Committee (which would include a levy on the sale of video recordings as well as the sanctioning of private off-air recording—which currently is liable to infringe copyright).

Over many years, this column has argued the case for an integrated national approach towards some aspects of the film, television and audio-visual industries. Too often, there has been ignorance through isolation with developments in the film sector failing to benefit from television, and vice versa, so government machinery for unifying information and relevant activity.

Southern trainers to mount strong Nottingham challenge

SOUTHERN trainers mount a fierce challenge at Nottingham this afternoon with fancied runners from both the Lambourn area and Sussex. Peter Walton of Seven Barrows and Compton's Peter Cundell are both bright prospects.

RACING BY DOMINIC WIGAN

NOTTINGHAM 2.00—Harebell** 2.20—Orley Farm 3.00—Sweet Mark Boy 3.20—Dalydd 4.00—Mill Street 4.20—Lazavalk** 4.35—Shepherd's Glass*

powerful issue than viewpoint which became a public service only last week when the Post Office started its own Prestel system in London. The Post Office has declared that no one will be refused access to Prestel as an information provider as long as the law is observed; the Post Office sees itself only as a common carrier. Yet quite apart from the political issues—what

FILM AND VIDEO BY JOHN CHITTOCK

atmosphere would prevail at a General Election if 5m homes were offered messages on their television screens by just one political party?—some commercial conflicts could become a problem. Traditional publishers of specialist information, as for example in the newsletter business, could find their future threatened; which may be fair competition under normal circumstances but input access to Prestel is almost certainly going to be restricted by available capacity: a waiting list is starting, and those with block bookings now might well find themselves in the Prestel broking business—a situation that has happened in the U.S. over access to the commercial tele-

vision satellites now feeding local cable networks. To safeguard the cinema in Britain, the Wilson Committee very sensibly called for closer co-operation between the television and film industries, recognising that the threat of broadcast television could be diminished through alliance with the cinema. But the threat now is not to the film-making business but to the

cinema owners. Since the Wilson report, the outgoing Labour Government has promised to allow pay television—the ultimate threat to the cinema owners—and in the meantime the home videocassette has really started to gather momentum as yet another distribution network. But the biggest threat to one sector of the film industry—that based on 16mm film—is about to deal its body blow later this month. It comes from the Japanese television company Hitachi and is apparently just another rival brand of television projector. Numerous television projectors are now available, such as those from Advent, Sony and National

Panasonic. Because they can derive their programme signals from a videocassette or video disc, and at last overcome the restriction of image size imposed by normal television receivers, they have been seen as a potential threat to conventional film projection. The threat has been treated with some respect, such that a few companies—EMI included—have actually opened small video theatres. Until now, however, many have not taken the threat seriously because of the appalling quality of video projected with primary colours. The new Mitsubishi video projector, which I saw first in Atlanta and again in London last week, is a breakthrough in quality that will frighten the 16mm industry out of its apathy. Used during a music festival Wednesday, it yielded quality that was virtually indistinguishable from a 16mm film; the audience of about 100 people were asked if they found the picture inadequate in any respect—not one person signified disapproval. This development, and others that are now sure to follow from rival manufacturers, will be a serious impact on the 16mm film industry, especially in situations where the higher capital cost of the video projector (£3,500) can be quickly offset by the substantial saving in 16mm print costs. One big obstacle remains for

TV Radio

Indicates programme in black and white. BBC 1 6.40-7.55 am Open University (Ultra high frequency only). 12.45 pm News. 1.00 Peabody Mill. 1.45 The Plumps. 2.45 Pobel y Cwm. 3.55 Play School. 4.20 The White Seal. 4.45 Tarzan. 5.05 John Craven's Newsround. 5.10 Stoptwath. 5.40 News.

5.55 Nationwide (London and South-East only). 6.20 Nationwide. 6.50 The Osmonds (London and South-East only). 7.20 Blake's Seven. 8.10 Miss England 1979. 9.00 News. 9.25 King. 10.50 Tonight. 11.30 Worlds Without Sun. 11.55 am Weather / Regional News. All Regions as BBC 1 except at the following times: Scotland—5.55-6.20 pm Reporting Scotland. 6.50-7.20 Sing Along With Sunshine. 11.00-11.35 Tuesday Night. 11.35-12.00 Worlds

Without Sun. 12.00 News and Weather for Scotland. Wales—5.55-6.20 pm Wales Today. 6.50 Hediwi. 7.10 Pobel y Cwm. 7.40-8.10 A Question of... 12.00 News and Weather for Wales. Northern Ireland—5.55-6.20 pm Scene Around Six. 6.40-7.20 The Skirl of the Pipes. 12.00 News and Weather for Northern Ireland. England—5.55-6.20 pm Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.30-7.30 East (Norwich); Midlands (Birmingham); The Cheapest Show on the Telly; (Leeds); It Seems Like Yesterday; North East (Newcastle); Tuesday North; North West (Manchester); Herby Royce Drove Home; South (Southampton); The Getaways; South West (Plymouth); Peninsula; West (Bristol) Public Life.

F.T. CROSSWORD PUZZLE No. 3,938

Grid for crossword puzzle with numbers 1-30.

- 1 Fall out possibly in the north (6)
2 The persistent keep watch aboard (8)
3 A beginner that is following a lead (6)
4 Oil a must possibly for compensation (8)
5 Fall came round for a fellow prisoner (4,4)
6 Control shown by member in Ireland (6)
7 Sayings can be cutting (4)
8 Irish and German co-operation with natives of N.W. frontier (7)
9 You need backbone to master an engine (7)
10 Yielding to temptation in season (4)
11 Surprise title for a capital down under (6)
12 Salute to a town for its output (8)
13 Spanish province in afterthought for perfect models (8)
14 One in position to fish (6)
15 Always straight (4,4)
16 Makes up for one in the Women's Army (6)
17 Carapace for one difficult to reform (4,4)
18 Inadequate legislation to support the needy (4,4)
19 A riddle wrapped in a mystery inside an — (Churchill) (6)
20 We get the measure of an ancient city (4)
21 The (China) for the well-known prince (8)
22 The draught of immortality (6)
23 Fine weather brings forth the adder (6)
24 Here we have the Case of the Diplomat (7)
25 A talk should have wit to feature (7)
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FINANCIAL TIMES SURVEY

Tuesday April 3 1979

كلمة من الشرق

Panama

The coming hand-over of the Canal by the U.S. is a great moment in history for the Panamanians. It will also provide opportunities for much needed economic and social development in a country where the gulf between rich and poor is dangerously wide and a lasting source of political friction.

Gates open to change

Hugh O'Shanghnessy

A STUDY of the car number plates circulating in Panama throws an interesting light on the country's state of affairs. Cars from the Canal Zone, a strip of land which stretches five miles each side of the Panama Canal, bisecting the Republic of Panama, and which is at the moment controlled by the U.S., bear the legend "Canal Zone, Panama, Republic of Panama".

before the expected deadline of October 1 when the U.S.-controlled zone ceases to exist. The Panamanians are expressing their joy publicly and privately that they are recovering control over what for most of this century has been a country within their country.

While the U.S. government counts its pennies the Panamanians are celebrating in advance what they see as a splendid political victory. It doesn't stop there. The Panama telephone book bears the legend: "Full Sovereignty in the Year 2000".

The coming months should indeed bring profound changes to Panama. On September 7 1977 President Jimmy Carter and Gen. Omar Torrijos, Panama's then head of government, signed new treaties which covered the abolition of the Panama Canal Zone as such, the reversal of full jurisdiction over the area to Panama's government and the winding down of the system of U.S. police and courts over a 30 month period.

The Carter-Torrijos treaties were approved by a referendum of the Panamanian voters on October 23 1977 and the U.S. Senate approved them in April last year. The documents are now going through the final and penultimate stage of ratification in the U.S. House of Representatives. A process that Mr. Carter is bending every effort to have

completed by the October deadline.

If by any mischance the process were held up in the House by the Bill's hard-core opponents there can be no doubt whatsoever that this would lead to a burst of nationalist anger in Panama at least as great as, and probably much greater, than the riots of 1964 in which much property was damaged and more than a score of people lost their lives.

Leaving that, happily rather remote, possibility aside Panama by the end of the year should be master in its own house and the nationalist pressures which have bedevilled Panama's relations with Washington to a large extent relieved. That fact will have deep and far-reaching effects on the economic and political structure of the country.

The economic effects of the move will be in the main very positive. Panama's direct income from the Canal will go up sharply. The Panamanian Government will receive an annual payment of 30 U.S. cents per ton of shipping using the Canal, and an additional fixed sum of \$10m per annum which may be doubled if Canal revenues permit it. There will too be a \$200m Export-Import Bank credit, up to \$75m in housing guarantees from USAID, \$20m in guarantees from the Overseas Private Investment Corporation and a \$50m loan for the National Guard to buy arms.

More importantly, the Panamanian Government and business will have access to the economic opportunities provided by one of the world's great

waterways. The ports at each end of the Canal will be turned over to Panama and the chance will be there for Panamanians to develop bunkering and ships chandlery for vessels in transit.

At the Caribbean end of the Canal the freeing of new land for the development of the city of Colon could help to relieve the enormous political pressures which obtain there because of the appalling housing and employment situation.

The Colon Free Zone, discussed at greater length later in this survey, will be able to grow. Slum clearance will be allowed to go ahead, tourist facilities may be built and the development of new assembly industries made possible.

With the threat of a new big political explosion passing the climate for investment will improve, confidence will return and the economy pick up. Such a recovery is long delayed and desperately needed. For the past four years there has been no growth at all in the Panamanian economy so that with the continuing growth in the population of about 2 per cent a year real average incomes have fallen, creating an unenviable situation for the managers of the economy. With the building industry starting to refill its order books there are the first signs of an end to the economic nightmare which Panama has experienced for much of this decade.

The slimming down of the U.S. presence, which is in any case to be slow and limited with troops using Panama up to and possibly beyond the year 2000, does not appear to have

frightened off the financiers from what is still one of the world's most important offshore banking centres, and a small but growing base for re-insurance.

The bankers and insurers have been comforted by the fact that the U.S. dollar will remain the Panamanian currency and that there are no plans to set up a central bank. The U.S. legacy, which might better be described as the imprint that the U.S. has made on Panamanian society, will not disappear for a long time.

One very useful aspect of the U.S. presence has been the consolidation of English as the second language of Panama, a fact which gives an advantage to Panamanian businessmen and to much of the urban workforce whose ancestors came from the English-speaking territories of the Caribbean. A second useful aspect has been the exposure of Panamanian society to the ways of U.S. efficiency.

Passion

That dead hand of traditionalist bureaucracy which delights in delay and revels in quinquagintennial forms is not so much in evidence in Panama as it is in other countries of Latin America. Though Panamanian government systems are very far from perfect they are better than those of many of those of Panama's neighbours. It is difficult not to believe that Panama has not been affected by the U.S. passion for organisational efficiency.

In other respects America's influence has been less positive

and it may well make the political problems which face Panama's political leaders after October more intractable.

For decades now the major political struggle in Panama has been that to reassert Panamanian authority over the enclave which cut the country in two and was seen by Panamanians as an affront to their dignity. This political fight was made tangible to most Panamanians by the facts of everyday life.

The inhabitants of Panama City saw on their side of the wire-mesh fence marking the boundary of the Canal Zone the slums of Calidonia, rows of wooden barracks which appeared not to have enjoyed a lick of paint since they were erected 70 years ago for the labourers who dug the Canal.

On the other side of the fence were the pleasant lawns and desirable housing of the Zonians, as the mostly U.S. inhabitants of the zone are called. The distance between Calidonia and the Zonians housing is not more than a few hundred yards and the inhabitants of each can clearly see their neighbours across the fence.

That part of the street which divides the two quarters is called President Kennedy Avenue when it runs on U.S.-controlled land, changing to Avenue of the Heroes when it runs on land under Panamanian jurisdiction. The heroes referred to were those Panamanians who lost their lives at U.S. hands during the 1964 rioting. There were few Panamanians

indeed who did not want the removal of or at the very least the diminution of the U.S. presence in their country. Washington's argument that it was U.S. drive and money which realised the project started by the French engineer Ferdinand de Lesseps and that therefore the U.S. government had a right to keep its position in Panama was not one which moved many Panamanians who, at all levels of society, have therefore been united in one overriding common cause.

Come October this great unifying factor in Panamanian life will disappear or at least be substantially weakened.

From October onwards politicians will sink or swim in accordance with what the various interest groups and electorate think about their conduct or the affairs of the country, rather than how vociferous or effective they have been on the issue of Yankees Out.

There is, therefore, every possibility that politics will become the arena for struggles between poor and prosperous Panamanians, between town dwellers and country people, among employers, the employed and the unemployed and among traders, industrialists and consumers.

The strains that would be placed on the Panamanian political and social structures by such struggles would be enormous.

There are great disparities of wealth in Panama which make the most important figure in Panama has been Gen. Torrijos, who took power in a coup in

Miguelito slum area and the Las Cumbres upper middle-class residential district in Panama City is pretty much as great as any contrast between rich and poor in Latin America.

Then there is the great gulf which separates the maldistributed wealth of Panama City itself and the almost hopeless unemployment situation of a city like Colon where four people out of 10 in the workforce are jobless and where mugging and robbery are a way of life. "Colon is a volcano," one frank and honest public relations executive murmured to me as we drove round the city last month.

Not least worrying is the gap which separates the country people and the indigenes like the Cuna and the Guaymí who have very little, and the townspeople who either have or feel they could be in reach of a materially satisfying life.

The negative part of the U.S. legacy is that the urban dwellers, particularly the inhabitants of Panama City, have been educated by the existence of the high standards of living in the zone to expect the sorts of consumerism current in many parts of the U.S. Such standards plainly cannot be guaranteed by Panama at the present stage of its development.

Panama's present leaders are well aware that politics are going to take on a different complexion and are organising to meet the challenge.

The most important figure in Panama has been Gen. Torrijos, who took power in a coup in

CONTINUED ON NEXT PAGE

PANAMA OFFERS EXTRAORDINARY OPPORTUNITIES TO INVESTORS

The Government of the Republic of Panama, through its National Development Agency, Corporacion Financiera Nacional (COFINA), has projects available to investors totalling approximately US\$ 27,206,000. These projects have Government support and its assurance of a tranquil atmosphere. This stability is best demonstrated by the \$3 billion canal operating in the Republic of Panama.

COFINA, the National Finance Corporation, is a Government financial development agency with corporate powers, its own patrimony and autonomy in its internal operations. The Corporation was created by the National Government of the Republic of Panama on the 1st of December 1975, principally to increase the economic production activity of the country.

COFINA's main responsibilities are:

- To promote and finance business projects leading to economic development.
- To develop the domestic capital market.
- To enhance the investment climate, conducive to the development and expansion of business.
- To seek and attract foreign investors to participate in COFINA sponsored projects as a way to secure permanent capital and required technology.

COFINA finances primarily those specific projects that have priority in terms of investment and assists in the strengthening of existing firms in order to stimulate an increase of production, exports and other economic activities. For the Corporation, promotion is one of its primary functions. This involves all the work necessary to generate and materialize investment projects. As a promotion entity COFINA takes the initiative identifying new investment opportunities, undertakes feasibility, engineering, and other studies that are

necessary to evaluate and implement new productive enterprises in association with private firms, by itself or by other means.

COFINA provides information concerning investment opportunities and bears part of the costs for this as a stimulus for the investment activity.

The objectives of COFINA are:

- Generation of new sources of employment and income.
- Take advantage of the country's raw materials.
- Strengthening of foreign trade.
- Distribution and adequate participation of Panamanians in the economic growth.
- A more balanced regional development.
- Incorporation of new techniques, know-how and aptitudes that improve productivity and strengthen scientific-technological development of the country.
- Strengthening of existing firms and incorporation in the investment process of a major component of national materials, engineering and other inputs.

To achieve its objectives, COFINA has access to many sources of funds including the full faith, credit warranty of the Republic of Panama.

To foreign investors the financial and service centre based upon a dollar economy with no restriction whatsoever of the repatriation of capital and profits and a very generous tax system, further improves the investment opportunities offered by COFINA.

Investment opportunities through COFINA: The most typical forms of direct investment in business projects that COFINA has available are:

- Development of business projects of interest to COFINA by investors that could furnish the necessary technology or marketing expertise. Such projects may receive

through COFINA as much as 100 per cent of the required financing and minority equity participation, if necessary.

- Joint equity participation in COFINA sponsored projects. Such projects may be either development with other shareholders or with state owned corporations.
- Investments in a diversified group of projects sponsored by COFINA for those wishing to invest on a broad base. COFINA offers participation in one or several of the many projects in which it has equity positions.

Loan operation: COFINA offers the following loan operations:

- Loans for the acquisition and installation of fixed assets.
- Loans for working capital.
- Loans to finance exports.
- Loans for the strengthening of priority production firms whose limited liquidity obstructs increases in production.
- LIFE: Finance line for pre-investment studies.

Participation in SOCIAL CAPITAL: In some situations COFINA promotes on its own or at the request of private firms, the formation of joint ventures. The following guidelines are used:

- Participation in enterprises or priority projects whose techno-economic feasibility has been demonstrated and other conditions necessary have been met for a satisfactory implementation of the initiative between the parties and COFINA.
- The corporation avoids redundant competition with the private sector in projects that this sector has in progress or is about to initiate. The purpose is to mobilize the private capital and not replace it.
- The participation is made under the terms and conditions which each specific case merits, considering the financial capacity of the private investors, the risks that

are taken, the financial sources available and other elements that assure a satisfactory effort.

Identification and promotion of projects: COFINA, in its role of financial entity for development has the function of identification and promotion of new projects. We now present a list of projects that are in the primary stage of promotion and study and which COFINA believes will contribute to the economic development of the country and which require local and foreign investors, as well as know-how.

PLANNED PROJECTS

Industrial projects

- Air conditioners. Electrical appliances for domestic use. Spectacle frame-making plant. Sporting goods plant. Ball-point pen factory. Paint-brush and tooth-brush making plant. Welding electrodes. Farm implements. Special optical and contact lenses. Bicycle tyre and tube making plant. Utensils for domestic use. Waterboard. Asbestos brakes and clutches. Medical materials. Sandpaper. Office products (staplers, etc.).
- Agro-industrial projects: Pepper. Rice. Bran. Oil. Castor-oil and coconut processing plant. Vegetable processing and refrigeration. Industrialisation of cacao. Potato processing plant. Industrialisation of plankton. Animal feed. Milk processing. Fruit processing. Fish-sausage making and cheese making plant.

PROJECTS UNDER CONSIDERATION

- Antibiotics. Dry cell batteries. Adhesive tapes. Semiprecious gems. Plastic syringes. Water-meter plant. Synthetic resin. Refrigerators, stoves, dryers. Battery cases. Lemon processing plant. Achote. Cashew-nut processing plant. Industrialisation of sharks.
- COFINA has developed with foreign companies, industrial, agro-industrial and tourist projects. Such is the case with the Holiday Inn Hotel, Convention Center Hotel and the Glass Bottle Factory Project.

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PANAMA II

Recession could be lifting at last

PANAMA'S four-year-old recession is showing some signs of easing up, but unless the gradual handing over of the Canal to the Government brings an economic upturn, many people believe that the economic crisis could deepen.

The country's \$2.4bn Gross Domestic Product grew by a more promising 2.7 per cent last year, compared to 1.5 per cent in 1977 and a near standstill in 1976. But the country's immense structural problems and narrow economic base, a public debt which is as great as the GDP, and growing discontent among workers, whose wages have fallen way behind

price rises, cloud the horizon.

Panama went into recession after the 1973 oil price increases. Growth in the economy, which reached by a record 7.8 per cent in 1973, declined to 2.6 per cent in 1974. Oil imports shot from \$88m to \$270m. Exports, which are little more than bananas, shrimps, cocoa and some petroleum products, were badly affected by the international trade recession. The construction industry, which in the immediate years after the 1968 coup of General Torrijos underwent a boom, then dried up.

Panama's trade deficit last year was almost \$600m and the construction industry, despite a 10 per cent increase in the building of middle-income homes, declined as a whole by 3 per cent. Inflation was officially only 5 per cent, but this figure, based on crude statistics, far from reflects the real increase in the cost of living, which has been substantial.

The president, Sr. Aristides Royo, has predicted that the economy could grow by as much as 10 per cent over the next two years, as a result of the greatly-increased share which Panama will obtain from the Canal after the treaty comes into effect in October.

Such a growth rate is viewed sceptically. This year the economy is expected to grow by about 3 per cent, which leaves 7 per cent to be achieved in 1980.

Panama will receive between \$50m and \$60m a year from the U.S. after the treaty instead of the present \$2.3m. This will take the form of a \$10m annuity, a \$40-50m share from the Canal's traffic, a possible contingency payment of \$10m if the Canal makes a profit, as it did last year, and a further \$10m reimbursement from taking on services such as rubbish collection and fire prevention.

Panama's responsibilities for the Canal will increase, but so will the Canal's contribution to the economy. Estimates vary but general opinion is that the economy could grow by an average of four per cent a year during the first five years of operation, beginning in 1980. The canal now contributes about \$250m in the form of wages to Panamanian workers and purchases and this could rise to \$426m by 1985.

A more optimistic version is that if the handing over of the canal, and availability of land in the zone, sets off a private and public investment boom, the economy could grow by as much as nine per cent a year.

The Colon Free Zone, separate from the Canal Zone, where one of the world's largest and most crowded free-trading areas is housed, is crying out for more space. More than 200 companies are in line to increase their warehouse space once the land is handed over but the government's

policy towards expansion in this area has not been defined yet. Apart from the Canal Zone and the Colon Zone, Panama's economy is based on two other economic "enclaves" which are foreign-controlled. These enclaves—the two zones, the international financial centre and bananas (United Brands, formerly United Fruit)—are the most productive sectors of the economy.

If to these are added tourism and industry, which produces almost exclusively for the service industries, then it can be argued that they generate as much as 80 per cent of the GDP. But these combined sectors employ less than half the work force. Agriculture contributes 15 per cent of the GDP and occupies about 40 per cent of the work force.

Traditionally, Panama has always been little more than a platform for other countries' services. First it was Spain and now mainly the U.S. This has been fine for the countries concerned but has not solved Panama's economic problems. The economy revolves around the axis of multinational services.

True

It is true that the "enclaves" provide much-needed employment, which otherwise might not exist. In a country where officially the unemployment level is nearly 10 per cent and unofficially at least twice that, this is important. It is also true that the Canal will contribute more to the economy after it is handed over.

But the dominant role played by the enclaves has created a dual economy and serious structural problems, probably more pressing in Panama than in other Central American countries. In 1977 the per capita GDP in the rural sector was \$411 compared to \$2,079 in the urban one.

While home industries such as construction and agriculture are in a depressed state, the enclaves have not ceased to expand and the gap between the two economies has widened. The problems of such a gap could be brought to a head after the canal treaty comes into effect for the Government must take several vital decisions.

First, Panamanians working in the Canal Zone are paid the minimum U.S. wage of \$2.90 an hour compared to about 60 cents an hour which is the national minimum paid to most workers outside the zone. After October, when the Canal gradually becomes part of Panama, it may not be politically convenient for the Government to continue to maintain the difference. It is likely that the lower paid will benefit more and the difference narrowed.

On the other hand, canal workers are in a key occupation and the Government cannot afford for them to go down tools.

Change

CONTINUED FROM PREVIOUS PAGE

1978. As "leader of the Panamanian revolution" and commander of the 10,000-strong National Guard he was chief of government until near the end of last year as was the moving spirit behind the incident that Panama got out of Washington on the Canal question. A man who has little patience with the intricacies of protocol, Gen. Torrijos has generally ruled from behind the scenes, leaving the presidency to a man who enjoyed his confidence.

Autonomy

Last year he decided that that man should be Dr. Aristides Royo, a young lawyer who has taken a prominent part in the detailed negotiations of the Carter-Torrijos treaties. Dr. Royo was duly elected by the legislative assembly and took office on October 11. Dr. Royo has been given much more autonomy of action by Gen. Torrijos than was given to his predecessor, Sr. Demetrio Lakus, as his international tour this month indicates.

President Royo, with Gen. Torrijos backing, is now launching a new political initiative which owes much to Mexican experience. Once they have fulfilled certain stiff criteria parties will be granted permission to operate for the first time since 1968. However, the reformist ideas which Gen. Torrijos has expounded seem destined to be paramount guaranteed by a new official party the PRD or Democratic Revolutionary Party which has just been launched by the government.

Modelled to a great extent on the PRI or Institutional Revolutionary Party of Mexico which has held office there for 50 consecutive years, the PRD seems destined to group all the major political interests in the country and act as broker between management and

labour, town and country, private and public sector. Government spokesmen have made enthusiastic claims for the degree of acceptance the PRD has been receiving throughout Panama in the few weeks since its launch.

The opposition has been claiming that the government has been playing unfairly by recruiting into it the civil servants and their families and indicating to those businessmen wanting to trade with the government that their chances of contracts would improve enormously were they able to produce a PRD membership card.

The PRD has indicated its international stand by seeking a link with the Socialist International group of social democratic parties, though this link has not been forged so far.

It remains to be seen whether the idea will take root in Panama. At first sight it appears to have a good chance of success because Gen. Torrijos is still popular and the opposition is in disarray. Though Panama, with a population of fewer than 2m, seems able to produce a score of different political parties, only two, the Liberals and the Partido Panamenista of the ageing political veteran Arnulfo Arias, have much popular following. The opposition has launched a coalition but it is uncertain how effective any joint action will be.

If the dismantling of the Panama Canal Zone and the lower profile adopted by the U.S. in Panama is accompanied by an upturn in Panama's fortunes, the PRD undoubtedly will claim credit for the phenomenon and may well reap a political harvest. But if it is to survive for more than a few years it will have to learn quickly the skills of power broking in a country where politics are by tradition volatile and are changing very fast.

Second, the Government now recognises the importance of the local private sector, which was frightened off by populist rhetoric under General Torrijos. Foreign investors were not very worried by it.

President Royo declared in his New Year's message: "I firmly believe in private investment." But to lure back local private investment, which last year was about \$160m compared to \$306m in 1976, the government will have to maintain almost intact its highly unpopular Law 95.

This controversial law was introduced in 1977 to tighten the liberal 1972 labour laws, which made the dismissal of workers difficult. Law 95 prolonged labour contracts for two years from the date of expiry and so effectively imposed a wage freeze. This year there are 247 contracts which come up for renewal and there are pressures from workers to scrap the law.

Last year the government was able to put off the problem because there were no contracts to negotiate, but now there are growing demands from workers to do away with it and from employers to maintain it.

Workers' wages have been long held back and a flood of demands is building up. The private sector is holding back from investing until it knows which way the government will go on this issue. The general consensus is that the government will maintain Law 95 in a modified form and at the same time try to convince workers of the necessity of wage restrictions.

To the Government's advantage, and also the private sector's, very few workers belong to unions and so the possibility of a general strike is remote. It is estimated that about 10 per cent of the work force belongs to unions. There are no unions for civil servants, in the Colon Zone and in banks. To offset the sharp decline in private investment the Govern-

ment launched an ambitious development plan. The effect of this on the public debt has been staggering. The average level of public sector investment rose from \$75m a year during 1970-1975 to \$400m a year during 1976-78. The debt is now \$2.4bn, probably the highest in per capita terms in the world. It is eight times greater than the value of 1978's exports.

Choices

Nobody seems unduly worried by the debt, which last year increased by \$570m and cost the Government more than \$350m in amortisation and interest, because there is no shortage of banks in Panama ready to give the Government soft loans.

The Government's policy of not relying on tax revenue to finance much of its investment means that taxes in Panama are light, but foreign borrowing is heavy.

The budget for 1979 is \$848m, a 7.6 per cent increase on 1978. All of the increase goes to Government operating costs which are up 17.4 per cent to \$453m and will be covered by revenues. Public sector investment is almost \$400m. The Government therefore will be looking for foreign credits worth over \$400m to cover investment costs and amortisation this year.

The largest part of the public investment is for infrastructure. Agriculture receives 15 per cent and commerce and industry 8 per cent.

With such problems Panama will find it difficult to achieve sustained economic growth. Gen. Torrijos once said: "Before we can contemplate the ideological choices for the distribution of our wealth, we must first create that wealth. One cannot distribute imaginary wealth." The danger is that this absence of growth will be capitalised on by the Government's opponents on both the Right and Left.

William Chislett

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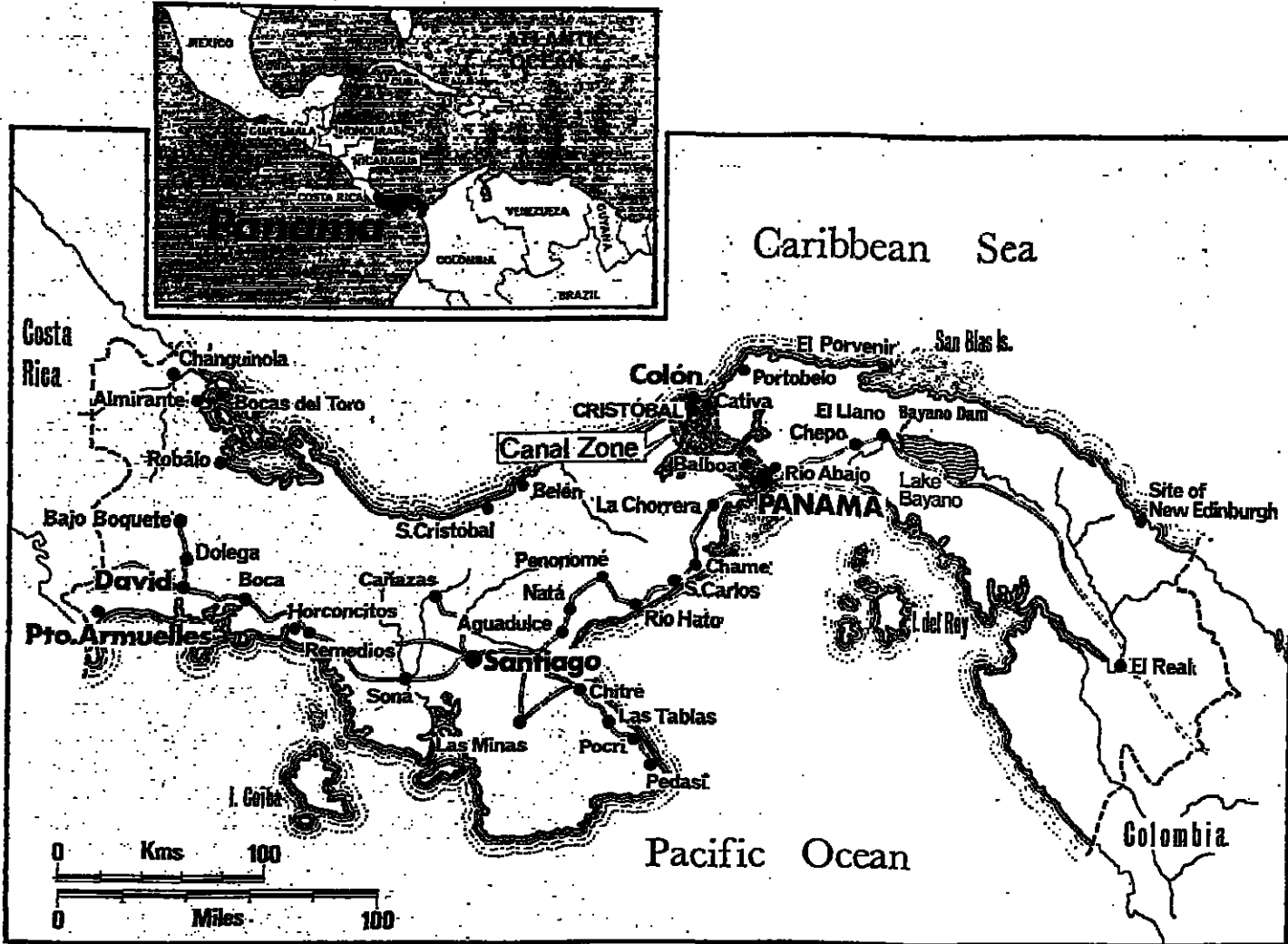
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PANAMA III



Men at the top

"ROYO IS certainly a man with progressive ideas. The businessmen used to call him a Communist which was nonsense. Anyway, he has tempered his attitudes since he became president." This frank comment on the President of Panama by a prominent Panamanian politician gives a sense of the pragmatism of one of the world's youngest heads of state.

Dr. Aristides Rojo, who visits London later this month, is a man who has climbed to the highest, though not the most powerful, position in Panama before his 39th birthday. Unsurprisingly, he achieved this by a combination of his two most obvious qualities: ambition and competence, together with a reputation for honesty.

Born near Panama City in 1940, Dr. Rojo got his first taste of politics studying in the often turbulent National Institute in the capital, then went to Europe to study law at Salamanca and win a doctorate at Bologna.

Back in Panama in 1965 he joined the office of the public prosecutor, took up judicial practice and formed part of the commissions which drafted a new penal code and a new constitution. He was named Minister of Education in 1973.

As he was identified as a nationalist and had legal qualifications that few Panamanians could display it was natural that he should be chosen by Gen. Omar Torrijos to become a member of the team which took on the exhausting process of negotiating with the U.S. the new treaties on the Canal, which were signed by Gen. Torrijos and President Carter in 1977.

The successful outcome of those negotiations which opened the door to the fulfilment of Panama's main national aspiration, the dismantling of the quasi-colonial U.S. presence in the country, reflected well on all the negotiators. It was there-



Dr. Aristides Rojo, President of Panama.

PROFILE: President Aristides Rojo

However, the General obviously wanted more of an activist as head of state than was his first president, Demetrio Lakas. Dr. Rojo probably would never have been content to be the figurehead that President Lakas was, and has shown himself eager to take many more initiatives than his predecessor.

He nevertheless maintains the closest contact with Gen. Torrijos in whom the ultimate power in the land lies because of his position as commander of the National Guard, Panama's only armed force.

In the few months he has been in office he has moved to calm fears of the business world that he was Red in

tooth and claw, absurd though these fears may have been.

Dr. Rojo has his office on the first floor of the Palacio de las Garzas, the former residence of the Spanish governors in the old quarter of Panama City, which gets its name from the elegant white birds which are housed on the patio and pick their way fastidiously round the palace fountain.

He enthusiastically proclaims an optimistic view of Panama's future which is at times breathtaking. No, the foreign debt situation is not serious. "If we had spent the money on arms or non-productive investments it would be different but we've spent foreign loans on productive projects, dams, sugar mills, roads."

"But weren't the sugar mills losing money?" "Yes, but you'll see, when the sugar price picks up they'll be seen as very fine investments."

"The Cerro Colorado copper project will make Panama a major producer of metal." Dr. Rojo dismisses the very real concern that exists in Panama for the indigenous peoples who live in the area.

"No Indians live there. And anyway it's the Indians who have been fighting hardest for the Cerro Colorado scheme to go ahead."

Dr. Rojo is keen that Panama should develop as a world banking centre. "We have no plans for more banking regulations. We don't intend to set up a Central Bank. The dollar will continue to circulate."

The President says he is coming to London to thank Mr. Callaghan personally for the support Britain has given Panama in the past and to try to tempt British business to take more of an interest in Panama.

Dr. Rojo's first foreign tour as President will take him to the United Nations and a number of other European

countries besides Britain. It is seen as a way of making both him and his country better known abroad.

He certainly has the polish and sophistication to hold his own in most international gatherings—after all, he cut his teeth politically against some of the world's toughest negotiators.

What he still lacks, according to political analysts in Panama, is a share in the personal magnetism of Gen. Torrijos which is one of the most valuable attributes of the strong man of Panama.

One Panamanian put the difference between the two men like this: "Torrijos talks to everyone and takes an interest in them. Rojo tends to commit the error of only talking to the important people."

Hugh O'Shaughnessy

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PANAMA IV

Free Zone a success story

THE FIRST taste that any traveller by sea from Europe gets of Panama is the city of Colon. It is not the most pleasant taste. Stuck out on the end of a small peninsula, cut off from the rest of Panama by the territory of the Panama Canal Zone, Colon sits in the sun and fester.

Its population has the highest rate of unemployment in the country and much of the city consists of the barracks which were put up for the workers who dug the waterway. It is a violent place where once a criminal quarter was once known as the "bamboo grove" because of the ease with which delinquents could hide there. There are a few pleasant spots such as the Washington Hotel with its casino, avenue of royal palms and its Rotary hunches. But most of the people in Colon cannot afford the prices. Colon enjoyed a modest prosperity during wartime when the Canal was much used by the navies of the Allied side, but when the belligerents inconsiderately stopped lighting Colon sunk back into its sweltering tropical torpor.

Except, that is, when it came to politics. The Colonenses are anything but torpid in politics and one still hears tell of the time a few years back when thousands of them marched the 50 miles to Panama City, took over the legislature, named their officers and started protesting against the lack of work in their town. Colon is definitely not to be messed with.

It was as a peace offering to Colon and its unemployed that the Free Zone was created in 1948 after studies conducted by Dr. Thomas E. Lyons, an expert on free trade zones of the time. The hope was that companies from many parts of the world would come to settle and trade, taking advantage of Colon's situation at the crossroads of the Western Hemisphere.

Initially 38 hectares was made over to the Free Zone on the edge of the town and the first structure was completed in 1953. Since then it has attracted more and more companies until today it is one of the major business successes of the Republic. There are now 261 companies operating import-export businesses and representing 345 foreign companies.

Most of the work is importing, warehousing and storage and exporting but there is some light repackaging and processing done. In 1977 the free zone imports totalled \$1.6bn of which \$789m worth came from the U.S., \$237m from Hong Kong and \$117m from Japan. Much of the importing was done by air. High-value goods worth \$658m came in by plane while \$890m worth arrived by sea at the wharves of adjoining Cristobal.

Until very recently there was no room to move for the zone had become so popular with business that there was no space. At the premises of Lucas, the only British manufacturing company to have its own operation in the zone, the manager showed me over his warehouse and said: "Like us, most people here are building mezzanines and extensions."

In recent years the call for space got so insistent that a black or at least grey, market in space grew up in which the way to expand was to buy up companies which had space that

TRADE IN THE COLON FREE ZONE 1977

	Total		By air		By sea		By land	
	Weight '000 kg	Fob value, m balboas	Weight, '000 kg	Fob value, m balboas	Weight, '000 kg	Fob value, m balboas	Weight, '000 kg	Fob value, m balboas
Total	247,934	1,695	33,848	658	177,574	890	36,512	147
Imports	129,331	789	4,939	206	120,844	563	3,498	20
U.S.	23,682	117	1,224	41	21,437	76	21	1
Japan	26,468	237	601	23	25,866	169	1	1
Hong Kong	7,365	66	226	68	7,139	43	1	1
China Taiwan	19,077	97	18	1	19,059	96	1	1
Costa Rica	769	7	54	1	715	1	715	1
Mexico	689	7	284	6	279	1	128	1
Almacenes de Deposito	27	1	1	1	1	1	27	1
Canal Zone	540	2	2	1	540	2	540	2
Local consumption	50,151	258	2,582	66	47,064	178	2,061	17
Others	118,602	906	23,359	452	56,730	327	33,014	127
Re-export	8,494	90	5,702	70	2,790	20	2	2
Venezuela	2,937	48	1,605	38	1,332	10	10	10
Brazil	9,718	82	3,177	47	6,541	35	35	35
Ecuador	13,740	118	123	2	18,617	116	116	116
Aruba	1,969	22	1,038	17	61	1	870	5
El Salvador	1,841	17	970	12	1	1	870	5
Honduras	1,032	5	1	1	1	1	1,032	5
Local consumption	2	1	1	1	1	1	2	1
Panama	1	1	1	1	1	1	1	1
Almacenes de Deposito	1	1	1	1	1	1	1	1
Local consumption	5,392	18	719	7	1	1	4,673	11
Consumption on board	61,134	464	15,523	259	27,388	145	25,507	101
Others								

Source: Direccion de Estadística y Censo—Contraloría General de la Republica
* Less than 100,000 kg. † Less than 1m balboas.

you wanted. There was simply no way of finding more space for the zone as there was no more land between the city and the sea. A few acres are being filled in at present.

Now the imminent dismantling of the Panama Canal Zone and the relinquishment by the U.S. of a nearby base called Old France Field has allowed the Free Zone to burst out of its corset.

Old France Field is just across Manzanillo Bay from the original site and offers a further 216 hectares for expansion. It is not, it must be said, prime land. It does not afford a good foundation for building and those companies which have moved there feel it wise to put down a metre of infill to insure against any flooding of the low-lying ground. However, the

move has started and one firm Colon Import and Export which acts for a number of British companies including ICI and Burroughs Wellcome, has erected its own building rather than take one of the converted aircraft hangers that the Free Zone Authority has spruced up for companies seeking space.

With more land available the zone authorities are beginning to canvas again for new business. The Manager, Sr. Jose Montenegro summarises the advantages that his zone offers in 20 headings which go from the complete absence of any kind of taxes on the import and re-export of goods to countries outside Panama, to the absence of taxes on the export of capital and the remission of dividends, and good transport links with

the rest of the world.

The top rate of company tax is on taxable income of over \$100,000 and stands at \$5.175 on the first \$100,000 and 8.5 per cent on any amount in excess of that figure.

Monthly rental for lots in the main area is 30 cents per square metre and half that for lots in France Field. The rate for buildings in the main area is \$1.50 while the rate for France Field buildings is negotiable.

Wage rates for skilled men go from \$200 a month to \$300 with social security charges adding another 30 per cent to that. English is more widely spoken in Colon than in any other part of the Republic.

Users report that the cable, telegraph and telephone services in the Free Zone are good but

that the postal service to the rest of Latin America could be a great deal better. There is a banking service provided within the Free Zone and among those institutions established there is the Lloyds Bank subsidiary, the Bank of London and South America.

The Free Zone management is now getting down to solving one of the principal drawbacks to life in Colon for the executive, the lack of middle-class housing. Colon being a depressed area has not had much in the way of living facilities to offer.

Restaurant and public entertainment facilities are so limited that many businessmen have chosen to commute from Panama City. Some use the air service which takes less than half an hour to an adjacent airfield while others use the train or drive to the capital each evening.

Now the board has started work on the Fort de Lesseps complex which, it is hoped, will offer the more prosperous in the Free Zone a chance to live in one of 14 duplex units, 30 houses, four condominiums or the residential hotel. The complex is also to be provided with tennis courts, a school, a marina, sports fields and a swimming pool.

The complex is situated on a point overlooking the entrance to the Canal and the residents will have a fascinating and constantly changing panorama of ships passing before their windows. It will, however, be something of a middle-class ghetto on the edge of some run-down cheap housing, though the Free Zone management is undertaking to improve that too.

H.O.S.

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An international banking centre

PANAMA'S GROWTH as an international banking centre continues to be spectacular. There are now 88 banks in this country of 1.8m people. Ten were opened last year and saturation point is still a long way off.

Panama's ideal geographic location at the cross roads of the Americas, its stability in a continent notorious for political violence, the tremendous potential of the Colon Free Zone, with a turnover of \$1bn a year, and above all else the country's very liberal banking laws make Panama a haven for bankers.

Of the 88 banks now operating, 52 deal in both domestic and offshore business, 25 in offshore exclusively, and 11 have representative offices.

Total bank assets have grown from \$853.6m in 1970, when the Government promised its banking law, to just over \$5bn at the end of 1978. Assets increased by 34 per cent alone last year. Deposits have risen from \$402.7m in 1970 to \$15.1bn at the end of December, of which only \$1.5bn were domestic deposits.

Economy

The Panamanian economy has been sluggish for the past four years, but this has not affected the foreign banking community, which continues to make very healthy profits out of Panama. The country's presence does not contribute a great deal to the domestic economy, because most business is in foreign deposits and loans, which does not enter into Panama's economy. Last year \$8.4bn were in external credits and \$1.5bn in local ones.

Now that the canal treaties

have been successfully concluded, it is likely that the skyline of humid Panama City will become even more crowded with high-rise buildings containing banks and related services.

"There was a danger that a treaty would not be signed which would have given rise to many uncertainties," said Sr. Luis Moreno, general manager and vice-president of Chase Manhattan Bank in Panama. "Now that there is a treaty we bankers are looking at the future with optimism."

The only dark cloud on the horizon, said Sr. Moreno, was the likelihood that New York could steal back some of Panama's offshore business.

However, he did not feel that in the eventuality of this happening many banks would transfer their bookings to the U.S. Services in Panama City are obviously not as good as in New York, but they are not that far behind. The state-owned Intel telephone company installed a direct-dial service last year between some banks and their headquarters in the U.S.

The key law of 1970, which sent bankers flocking to Panama City, allows the following advantages:

- Income tax exemption for offshore business;
 - No taxes levied on interest from domestic or offshore accounts;
 - No limits on interest rates;
 - Accounts in any currency are allowed as well as numbered accounts;
 - Foreigners can be employed as long as their number does not exceed 15 per cent of the workforce.
- Life is made even easier for bankers, particularly U.S. ones, because the U.S. dollar is the unit of exchange. Officially the balboa is the unit for book-keeping purposes, but only small change under one balboa (which equals one dollar) is in local currency. All currency notes are dollar bills.

Three types of licences are issued in Panama. "Type A" requires \$1m in paid-up capital and allows a bank to operate both domestically and offshore. "Type B" requires \$250,000 capital and is valid only for offshore business, and a third classification allows foreign banks to maintain a representative office.

In 1970 when the law was promulgated, there were 247 banks in Panama operating in a financial "jungle." The law got rid of more than 200 "pirate" banks and since then the number of applications by major banks to go to Panama has been increasing steadily.

Applications are made to the National Banking Commission because Panama does not have a Central Bank. The Banco Nacional de Panama (BNP), an autonomous government agency, operates as a commercial bank and carries out some central bank functions, such as acting as the government's fiscal agent. It also arranges short-term loans for the government.

Prospect

The commission is chaired by the Minister of Planning and Economic Policy. "We are looking for the best banks from every country," said a commission official. Many of the major world banks are represented in Panama. The U.S. has 15, Europe 24, Japan 4, Latin America 18, Panama 7 and the Middle East one.

The top three in terms of deposits at the end of 1977 were the First National Bank of Chicago, the Banco de la Nacion Argentina and the Banco do Brasil.

Over the years a very cosy relationship between the foreign banks and the government has grown up, which would appear to be even cosier now that the canal treaty is concluded.

Just after it was signed last summer, the government agreed the terms of a loan, lead-man-

aged by the Bank of America, for \$300m at 1½ per cent over LIBOR for the first five years and 1½ for the second five years. The latest loan being put together is for \$110m at ½ over LIBOR for the full ten years. Bankers cite this as an example of the government's excellent and improved standing with foreign banks.

This is true, but it should also be borne in mind that banks have plenty of money to lend.

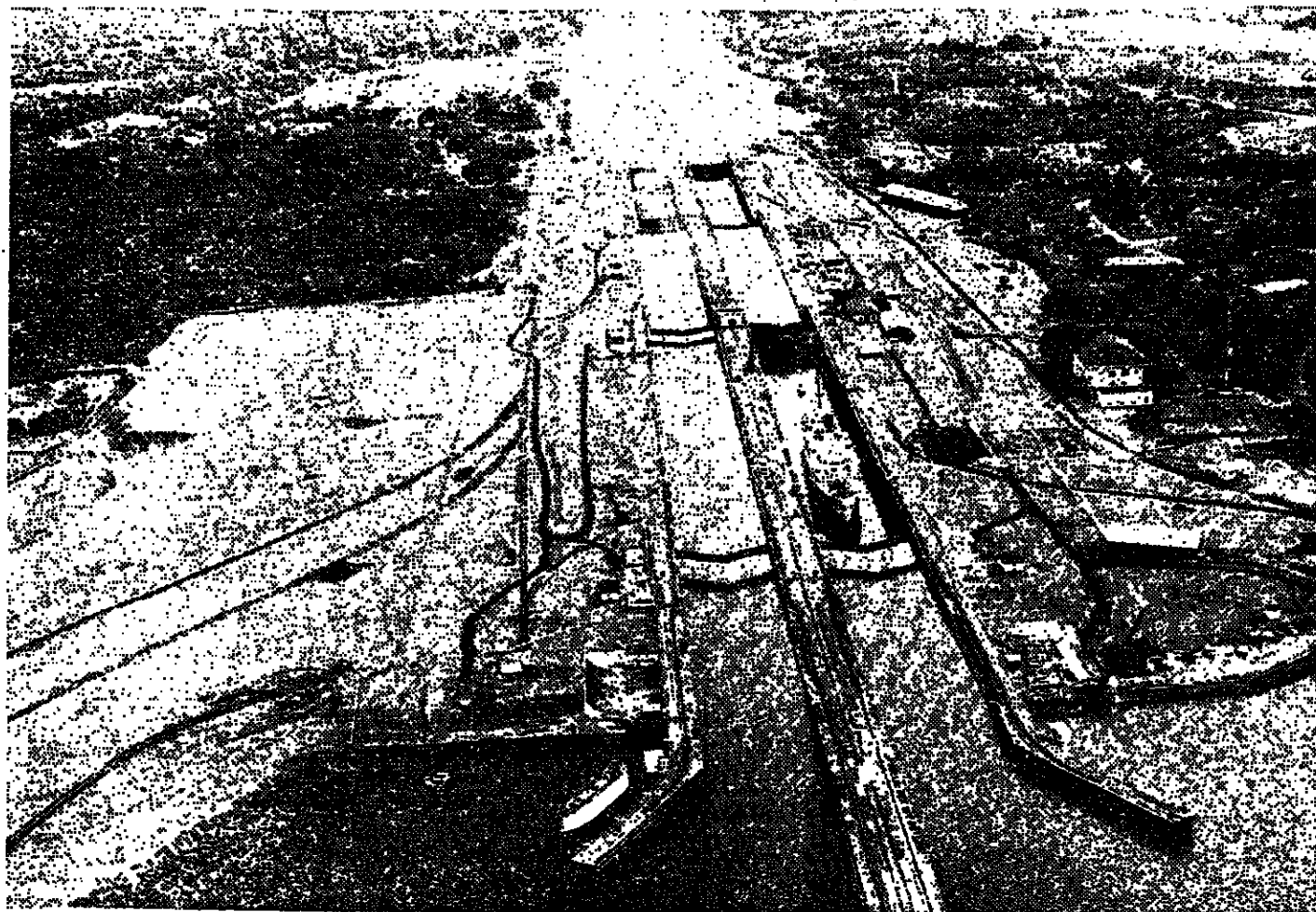
Nor is it in the government's interest to place restrictions on the banks, which could always go elsewhere if measures were taken to curb their almost unrestricted freedom. The banks have the upper hand and the government knows this. And as long as the country's huge debt remains, the more the government will feel indebted to the banking community for soft loans.

Not even in the days of the fiery populist rhetoric when Gen. Torrijos was heading the government, was the banking community nervous.

Left-wing opposition parties are inevitably campaigning for the government to pressure the banks into lending to high-risk depressed sectors such as agriculture, but the government is planning no changes. The foreign banks make most of their loans to commerce and the construction industry which offer high profit margins.

The government does not criticise the banks and the banks, for their part, continue to expand knowing that their position is safe. Now the government is trying to woo back local investors in the private sector, whose own investment has greatly fallen off. These conditions all allow foreign bankers to rest assured that Panama will remain an exceedingly attractive place for some time yet.

W.C.



After the abolition of the U.S.-controlled Canal Zone this year the U.S. will continue to have the major say in the administration and defence of the waterway up to the year 2000

Social action agency

WHILE THE millions of dollars are being lent from Via Espana, Panama City's principal banking thoroughfare, a small but penetrating searchlight is being pointed at the activities of the banking sector from a small centre of studies in the suburbs. The Panamanian Centre for Studies and Social Action (CEASPA), was founded in 1977 with the object of producing reports on the social circumstances of Panama which would be of direct relevance to the fight against underdevelopment in the country.

Although the organisation has only recently been established it is carving itself out a respectable reputation. The director is Xavier Gorostiaga, a Panamanian Jesuit, who, besides doing his doctoral studies at Cambridge, has served as an adviser to the Panamanian Foreign Ministry on Canal questions, taught

Library

CEASPA has collected a library of nearly 20,000 books and pamphlets on economic subjects and subscribes to publications in Latin America, the U.S. and Europe.

In a study of international financial centres in underdeveloped countries published recently in Mexico, Gorostiaga argues that offshore banking in

poorer countries is not, as some radicals in Latin America would have it, a sort of "plot" organised on a global scale to the benefit of the developed world.

He sees the banks rather as part of a process in which the trans-national companies have been increasingly organising the world's resources of capital, raw materials, technology, labour and marketing into one market in which they have the advantage. He says that the poorer countries have little information, say or power in the shaping of a world economy and, worse, are unable to build up their own constructive view of the world.

In a country which in the past has had little money to spend on higher education or the establishment of its own think tank, the arrival of CEASPA is welcomed even if

its views often clash with those of the business community. In some other countries of Central America the centre's critical spirit would have earned its promoters official disapproval and their lives could well have been in danger. Though CEASPA's views may often go against the grain on government thinking the centre's continued existence and growing prestige is a good indication that Panama is a more tolerant country than some of its neighbours where intellectual dissidence is often met with outright violence.

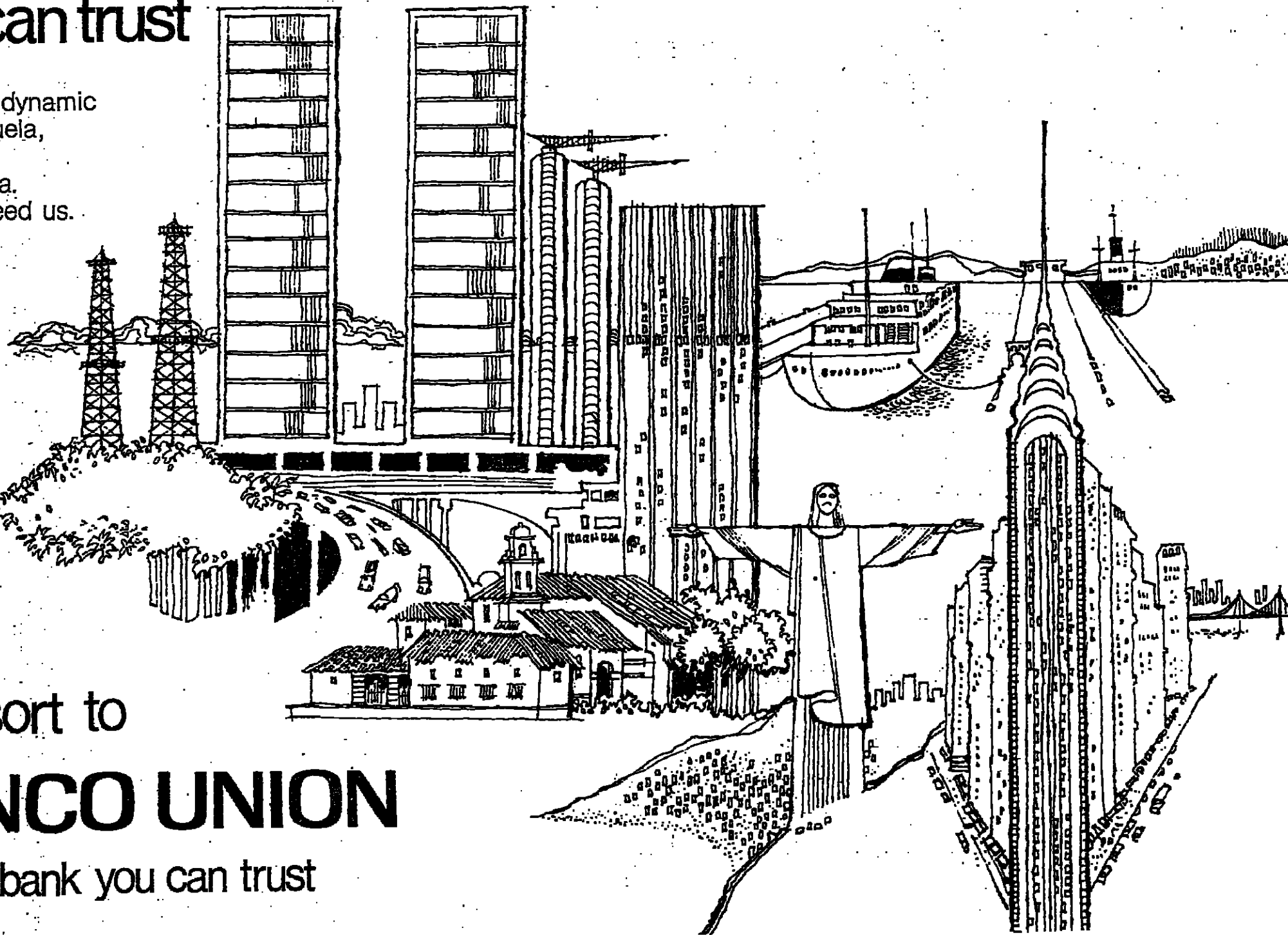
It is not many months, for instance, since every member of the Jesuit order in El Salvador was threatened with death by a Right-wing political gang if he did not quit the country.

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PANAMA VI

Promising potential in tourism

"PANAMA IS more than a canal," says the slogan of the Panamanian Tourism Institute (IPAT). Indeed the country has a lot more to offer than what is labelled "the eighth wonder of the world." And now that the canal treaties have been successfully concluded, the local private sector and foreign investors are looking increasingly towards exploiting the untapped tourism potential.

The Canal is still a great tourist attraction, but there are many more places to see. There are miles of sandy beaches on the Pacific coast, with not a hotel in sight, and numerous islands waiting to be developed. The indigenous settlements with the Cuna and Guaymí Indians are a forgotten world, and Old Panama, which was sacked by the British pirate Henry Morgan in 1671, is charming.

Panama's reputation, apart from the canal, has been based on its attraction as a tax haven, with hundreds of duty-free stores supplying imported Japanese, European and U.S. cameras, watches, televisions and stereo equipment. This is still, and probably will always be, Panama's chief attraction, but more people are starting to come for less materialistic reasons and to explore the tropical delights outside the Americanised city.

The Panamanian economy is based on services, which provide about 60 per cent of the GDP. Of this tourism accounts for just over 8 per cent. As if to stress its importance to the economy IPAT runs a "tourist awareness" campaign for Panamanians to teach them, as one IPAT official explained, "to exploit tourism, but not the

tourist." There are special tourists police who wear a band on their arm and are trained to be polite to tourists. One of the local slogans is "More tourism, more progress," which is put into the mouth of IPACITO, the little Panamanian boy, who is the symbol of IPAT.

Panama, apart from Costa Rica, is the most politically stable country in Central America. This, coupled with the fact that the services offered in Panama City are superior to those normally expected in Latin American countries, makes Panama an ideal place for the well-off tourist and wealthy businessman.

With the dollar losing its value against other currencies, Panama is even more attractive. The dollar is the currency in Panama. Small change is in the Panamanian balboa currency, but notes are dollars.

Two U.S. airlines and 19 other airlines serve Panama and a new airport was opened last year to replace the old Tocumen Airport.

Panama is an expensive place compared with other Central American countries. Its status as an "offshore" banking centre, with so many wealthy residents and visiting businessmen, has pushed up prices. Hotels are more expensive than in most other Latin American countries, although they are still cheap compared with London.

Last year 24,000 fewer tourists came to Panama, a fall-off which could be explained by the uncertainty over the canal treaties. The IPAT figure gives 608,000 tourists in 1978, compared with 632,000 in 1977. This year, with the treaties coming into effect in October, IPAT estimates that 634,000 tourists will visit the country.

In the past decade the number of people visiting Panama each year has almost doubled, and to keep pace with this expansion more and more hotel rooms are being built. Hotels in Panama have one of the highest occupancy rates in the world, and there are times of the year, particularly during the dry season, from December to April, when first class hotels are solidly booked. It is estimated that 1,106 new rooms will be needed during 1980 to keep abreast of the flow of visitors.

The Government does not intend to change its policy of leaving tourist development to the private sector. It will continue to offer handsome tax concessions to companies which build new hotels. Critics of this policy argue that by doing this the Government is letting slip a golden opportunity to increase its revenue substantially. The Government, on the other hand, which is heavily in debt, does not have at its disposal the vast sums of money which are needed to develop tourism.

The one exception to this is the island of Contadora, 75 minutes by air from Panama City. The Government has built the hotel there and plans to develop the island.

The Government is also building Atlapa (Atlantic/Pacific) which is a convention centre. It is sited on the narrowest part of the isthmus, and in part of the complex will be a new hotel managed by Marriott. The centre, which will be opened later this year, fills a gap in Panama City's services, for the country is being increasingly used for business conferences.

Taboga, 18 miles from Panama City on the Pacific side, is being developed as a rival to Contadora. There will also be a scramble to develop the land and islands in the Canal Zone when they are handed over. Islands such as Perico and Flamingo on the Pacific side are prime real estate. The Government has not yet said what its policy will be over this land.

Tourism has a bright future in Panama. It will not solve the country's serious economic problems, and may even exacerbate the structural ones, but it is a promising area for development.

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The primitive world of the offshore islands

AS THE launch pulled into the old rickety jetty on the tiny Caribbean island of Wichub-Wala off the coast of Panama, young Indian boys swimming in the crystal-clear water began to chant: "Money, money, money." Tourists from the mainland had arrived to see and endlessly photograph one of the few remaining pieces of indigenous Panama.

The 300 islands of San Blas, of which only three are inhabited, are a world of their own. Apart from the National Guardsmen on the island of Porvenir, there are no other visible links with the mainland.

The Cuna Indians have lived on the islands for centuries and were there long before the Spaniards conquered this part of the world and businessmen discovered Panama as a tax haven. The canal and Panama's status as an "offshore" banking centre are alien to them. The Cunas are offshore in the fullest sense of the word.

a broad grin on their cheeky faces to how tourists believe Indians should behave. One old woman went around with a Western pipe in the corner of her mouth and she collected more money than any of her friends.

She learned the trick from a tourist who once placed a pipe in her mouth and got her to smoke it. She was left the pipe



The winsome Cuna Indian women pose readily for tourists' cameras: at 25 cents a shot

Shout

Nevertheless, the islands have been visited by so many tourists that the Indians have learned quickly how to make the best use of its traffic—as anyone visiting the island soon discovers for himself.

Every photograph of a person—not a building unless it contains people—costs 25 cents and the Cunas have got the exercise down to a fine art. As soon as anyone raises a camera to their eye and is on the point of pressing the button the Indians shout: "Money." It is one of the few words of English—dollar is another—which they have learnt. The Cunas speak their own language which is incomprehensible to most Spanish-speaking people.

The women still dress in their traditional clothes of mainly red and orange skirts and wear head scarves to protect them from the fierce sun. They wear a golden ring in their nose and bands around their ankles. The women are strikingly beautiful with high cheekbones and modish, short hair, a talking point for women tourists, who until then believed that such hairstyles were created in Paris.

The men, who go by boat to the mainland every day or fish off the islands, wear Western clothes—T-shirts, baseball hats, and old army surplus trousers.

While their men are away the women do a brisk business in photographs. They play up with

Scenic railway

THE PANAMA Railroad it not what it was in the 1930s when it provided a main link in the main route between New York and San Francisco.

At that time, before the West was won and before there was a safe overland route across the great plains and the Rockies within U.S. territory, the U.S.-built railway did booming business ferrying eager miners and speculators to Eldorado and the goldfields of California.

Today, things are much calmer and the railway is, if anything, under-used. Nevertheless, the 50-mile, 11-hour trip

provides the discerning traveller with one of the world's most spectacular rides. It should not be missed by any visitor spending more than a day in Panama.

The other day I arrived at the Atlantic terminal of the Railroad at Colon station and sought immediate protection from the hot noonday sun in one of the two air-conditioned carriages where fans were working. At \$17.5, the fare was a bargain.

Just before 12 noon we moved off behind the diesel locomotive, out of shabby Colon, passed the marshalling yards and into the tangle of mangrove swamp and jungle which covers the surface of much of Panama.

The first station, Mount Hope, marks the site of the cemetery in which were buried some of the tens of thousands of Canal workers who perished through malaria and exhaustion.

At a level crossing near Mount Hope, a U.S. Army truck carrying troops in combat dress—a rare enough sight in other parts of the Panama Canal Zone—was a reminder that we were passing near Fort Gulick, a jungle training base where America has helped to train not only its own troops but soldiers from most of the Western hemisphere.

Bamboo

A few moments more and there was the first sight of tanker funnels moving slowly above the tall grass and bamboo thickets. Gatun Station is a few hundred yards from the great locks which lift ships up the 85 feet to the Gatun Lake, which forms the main thoroughfare for navigation across the isthmus.

After Gatun, the train again leaves civilisation and moves out across marsh and embankment towards Monte Lirio and Frijoles, all the while giving distant views of the ships making their cautious passage, with pilots' guidance along the dredged channel across Gatun Lake.

Frijoles is the staging post for the ferry for Broco Colorado

Island, a scientific station, packed with researchers and equipment from the Smithsonian Institution in Washington. The station investigates the hyper-luxuriant flora and fauna of the tropics.

After an eight-mile stretch, along which the train seems in danger of being engulfed by the voracious palms, ferns and creepers growing along the track, U.S. technology once more appears in force at Gamboa, the principal base for maintenance and dredging operations at the mid-point of the Canal.

Who but the Americans could have bought a gigantic dredger, named "Rialto M. Christensen," able to bite 15 cubic yards of mud at a time, lodged in the middle of tropical jungles of Panama?

For a few miles, the track leaves the side of the Canal which makes its way alone through the treacherous Gaillard Cut which called for the removal of millions of tons of rock and earth and whose banks are always threatening to slip and block the Canal for the untempting time.

Round the corner, and the train reaches Paradise—or at least Paraisito, which is the Spanish equivalent—before drawing alongside the Pedro Miguel lock which, with the Miraflores sets, bring the ships back down to sea level and the Pacific Ocean.

By now the jungle wilderness has receded and Fort Clayton and Albrook Air Force Base on the left-hand side are another reminder of the power that the U.S. has—and intends to keep—in Panama.

Shortly before 1.30, the diesel puts past the mid-American domesticity of Balboa High School, the Shriners headquarters and longshoremen's union. At Panama Station, the motley trainload of canal workers, army personnel and tourists rush for their bicycles or taxis, brushing aside the way of salvation merely offered by a box of Christian Science literature.

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مكتب التسويق

PANAMA VII

Decision near on copper project

THE GOVERNMENT of Panama is in the final stages of deciding whether it can go ahead with a very ambitious \$1.5bn project to construct one of the world's largest copper mines. Barring any unforeseen problems, the mine could be producing about 102,500 tonnes of copper a year by 1985, the first full year of production.

The Canadian Export Development Corporation is prepared to end \$1.1bn to Cerro Colorado, the company set up in a joint venture with Texasgulf, a U.S. mining company, to develop the mine. The government's autonomous agency, Codemin, at the moment has 50 per cent of the shares of Cerro Colorado, and Texasgulf the rest. This arrangement could change depending on the outcome of negotiations.

Problems have to be ironed out over how the \$500m equity will be split up. Cerro Colorado is ready to commit itself to the use of \$385m and is in dis-

cussions with the World Bank for such a loan. The government is looking to Texasgulf and other private sources to put up the other \$115m.

British Kynoch Metals, which is interested in buying some of the copper, has been approached among many others for a contribution towards some of the equity, or towards possible cost overruns and cashflow deficiencies. However, discussions are still at a formative stage and agreement is not expected until the summer.

Loans

On the gloomy side the project would mean a sharp increase in Panama's public foreign debt which, at \$2.4bn, is already in per capita terms among the highest in the world. Further loans would only increase this burden on the economy, which last year cost

\$350m in amortisation and interest.

On the bright side the mine, which has potential reserves of 1.3bn tonnes of ore, would provide 2,176 jobs and would, assuming copper prices hold, contribute \$500m to the Gross Domestic Product, according to a feasibility study prepared by Cerro Colorado.

The study estimates that, with the copper mine, the Panamanian GDP will rise from its present \$2.3bn to \$3.6bn in 1984. Without the mine the GDP would increase to \$3.1bn in 1984.

The mine would contribute much-needed earnings to the huge balance of trade deficit (almost \$600m in 1978). Exports of copper could be worth about \$500m a year and the imports bill would rise by only \$100m if the mine was in operation.

On this basis the government believes that the mine is a viable project. But it does not want

to take too many risks because it burnt its fingers several years ago when it expanded over-ambitiously into the sugar market with disastrous results when sugar prices plummeted.

This reluctance to take on too many risks could be a sticking point in negotiations.

The government is understood to have made it clear that it will not guarantee the loans and so if the mine collapsed the government would not bail-out those involved. How this problem will be solved, with the Canadians worried by the government insisting on spreading the risks, remains to be seen.

The project, sited 160 miles west of Panama City, near the Gulf of Chiriqui, would involve a complete infrastructure with a concentrator, sulphuric acid and phosphoric acid plants, roads, a port and housing.

One aspect which recently has been given a lot of publicity, is the possible adverse ecological effects of the copper mine and the danger of polluting rivers which serve cattle land.

It is estimated that about a thousand Guaymí Indians, who live in the Chiriqui area, would be displaced by the project. And there are fears that the mine would cause rare animal species to become extinct.

There is no public information on the criteria for indemnification. When the matter was raised publicly, Sr. Rodrigo Gonzalez, president of Cerro Colorado, brushed these fears aside and said that with the wealth, which the mine would bring to the area, the Indians "instead of dying of worms would die of indigestion."

Cerro Colorado denies that there is any danger to the environment. The danger from the sulphuric gases would be very little, says the company, because the gases would be piped off to make sulphuric acid.

Sr. Jaime Roquebert, director of the project, said: "If everything goes ahead, we shall be creating a whole new area and developing new skills. And perhaps we could contribute to stemming the flow of people from the countryside to Panama City."

Bananas the main export

BANANAS are Panama's main export and an important provider of employment. Last year a record 33.4m boxes were shipped abroad, worth about \$80m—almost one-quarter of total exports—by an industry employing over 11,000 people.

Since 1866, when the three Franc brothers began shipping bananas to the U.S. from Central America, Panama has been among the leading banana producing countries. The banana industry has provided much needed employment for the impoverished countryside where unemployment is high and vital earnings for an economy which exports little else apart from sugar, shrimps, some beef, cocoa and petroleum products.

During the last 10 years banana exports have earned Panama an average of about \$80m a year. Production is centred near the border with Costa Rica, at Changuinola on the Atlantic coast and Puerto Armuelles on the Pacific side and is run by United Brands, the U.S. multinational which has been operating in Panama since the end of the last century. But this has two areas, account for about 37,000 acres of plantations.

The banana industry has been hit by few problems, and this year's production looks likely to be high. But recent steps taken by the Panama Government and other Central American countries suggest that the thorny question of outright nationalisation of the industry could be on the horizon.

However, few people in the banana business attach much importance to the idea at present, because it would frighten away foreign investors

as well as the local private sector, whose support is being sought to invest more in the country.

Nevertheless, this does not mean that nationalisation could not happen. In 1976 the idea was considered, but in the end the Government decided to increase the tax per box which United Brands has to pay. The multinational also has to sell the plantation land back at a nominal price. The tax rose from 2.5 cents a box to 40 cents.

United Brands handles production and marketing, which is exclusively for export, but may employ the bananas and net the land. Other plantations not run by United Brands provide for the domestic market.

suspicion that it could be the beginning of a process which might eventually lead to nationalisation.

The idea behind setting up COBAPA and COBANA was ostensibly that the Government was interested to see if it could find markets of its own and whether it was capable of handling exports. United Brands helped to fill the first COBAPA shipment, which went to Yugoslavia last summer in exchange for farm machinery, since the Government did not have enough bananas of its own.

Since then there have been further shipments, aided by United Brands, several under the banner of COMUNBANA, which is the export arm of UPEB (Union of Banana Exporting Countries), an organisation of Latin American countries which grew out of the "banana war" in 1973-74. The other members are Colombia, Costa Rica, Guatemala, Honduras, Panama and the Dominican Republic.

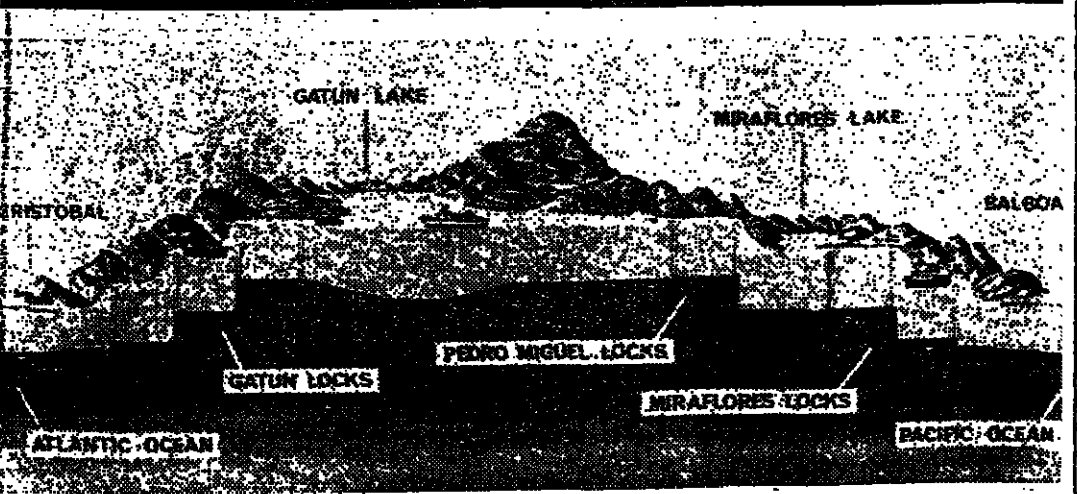
UPEB is a kind of OPEC of the banana world, which operates between the producer and the market. So far the organisation has reached little agreement over prices and a common strategy, but if it ever operates efficiently it would threaten the viability of private companies such as United Brands.

COBAPA has economic problems and reportedly has a debt of \$9m. This year it does not plan any shipments and will sell its bananas to United Brands. But it has the option to reopen its own markets if it so wishes. Whether the Government of Panama will pursue the issue remains to be seen.

Fears

If the Left were to come to power in Panama—and probably anywhere else in Central America—nationalisation of the banana industry would probably be one of the first steps to be taken. As it is considered unlikely that this would happen, nationalisation is thought to be out of the question. But this has not calmed the fears of people in the banana business, who are worried by several recent moves.

The Panama Government has set up COBAPA (Pacific Banana Corporation) and COBANA (Atlantic Banana Corporation) to handle some exports of its own. United Brands does not consider these two organisations as direct competition, and relations between the Government and the multinational remain "very good." But the motive behind their establishment is not completely clear. There is a



Sailing through the Canal

THE 50-mile journey, which takes about eight hours, carries vessels through a series of locks (above) up to the Gatun Lake, 85 feet above sea level, then down again to the other ocean. Below: the USS Tarawa, the U.S. Navy's amphibious assault ship built to pass through the 110-ft wide locks, negotiates the nine-mile Gaillard Cut. The waterway, over which Panama assumes full authority this October, was opened in 1914.



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PANAMA VIII

Ignite Agriculture backed by government

PANAMANIAN peasants are the fortunate sons of the revolution. According to a much-publicised government slogan since 1968, when Gen. Torrijos came to power in a coup d'état, far greater priority has been given to the impoverished countryside, but the imbalance between the rural and urban sectors of the country's economy is still profound.

According to the Ministry of Agricultural Development, the countryside employed 35 per cent of the country's 620,000-strong work force in 1977 and it contributed 16 per cent of the \$2.2bn Gross Domestic Product. Three quarters of the total value of Panama's exports are agricultural—mainly bananas and coconuts—but the per capita GDP in the rural sector is five times less than in the urban sector. One third of the 1.8m population earn less than \$200 a year and most of them are rural workers. As a result migration from the countryside to Panama City has been increasing.

Between 1960 and 1975 food imports increased by 215 per cent while national food production rose only 79 per cent. However, the government's efforts to increase production are at last beginning to pay off.

Last year was the second good year in a row for agriculture. The record rice harvest produced a small exportable surplus and an increased output of beans and corn almost covered domestic requirements. Sugar exports were a record 12,000 tonnes, compared to 11,000 tonnes in 1977, and it was also a record year for bananas with 85.4m boxes exported, 10 per cent more than in 1977.

economic sense for the government's programmes. In the countryside, have won them more support among the peasantry.

The ministry, created in 1973, brought together the old Ministry of Agriculture and Cattle Farming, the Agrarian Reform Commission and the Institute for Economic Promotion. The idea behind the new ministry is to co-ordinate greater agricultural production

and more social development. Plastic cups in the ministry's canteens carry the slogan "Production is Revolution."

Traditionally one of the pressing problems in Panama, as in many other Latin American countries, has been the desperate situation of "precaristas"—poor peasant families who illegally occupy and farm land, which is often part of a latifundia (large private estate).

The government is solving this problem by creating "asentamientos campesinos"—peasant settlements—on the land which they occupy illegally. At the request of the peasants, the land is expropriated by the government.

More than 7,000 families, which have benefited from the agrarian reform, are organised into co-operatives and the rest work plots of land on an individual basis; in state-run companies like that for the production of citrus fruits, or sugar mills, or for multi-nationals such as United Brands.

The government prefers families who occupy land illegally to form co-operatives, once their status as an asentamiento has been established, rather than to work the land

individually. Co-operatives make for a more efficient economic unit. Once families join forces the government can supply them with water and electricity and provide other services such as roads and schools.

Production has increased greatly as a result of the formation of co-operatives but it is still hampered by the existence of minifundia, which are often isolated and use antiquated means of cultivation. However this problem is also diminishing, for the number of farms with fewer than 20 hectares is decreasing, although they still represent a majority.

But it has also had to increase because of the dramatic fall in private investment in the past four years. Since 1975 the local private sector has been frightened off by the Government's policies.

This fall in private investment, which was never very great in the countryside anyway, has meant that to keep pace with production targets the Government has had to devote more of its budget to agriculture. This year 15 per cent of total public sector investment of \$895m is for agriculture; 35 per cent of the investment is for the construction of new roads and providing electricity in new

rural areas. This will also help the rural sector.

Foreign investors have also greatly neglected the Panamanian countryside, because of the low profit margins. Last year only 2.7 per cent of the \$1.8bn-worth of loans provided by banks in Panama, mainly foreign ones, went to agriculture. The Government is beginning to feel that it is about time the foreign banks were prepared to take a few more risks in a country where, thanks to the liberal banking laws, they are making handsome profits.



A reminder of Washington's presence in Panama. A U.S. officer and his wife take tea in their Canal Zone home in the early 1900s

Ranching: a tough job with varied problems

PANAMANIANs like their beef steaks and consume per head twice as much as people in neighbouring Costa Rica. They can afford to for Panama is self-sufficient in beef, which is mainly provided by large private ranches in the provinces of Chiriqui and Veraguas and by small holdings around the country.

One of the largest ranches in Panama is owned by the Motta family. The 8,000 hectare ranch in Chiriqui in western Panama was bought by five brothers in 1946 from an Englishman. Since then the size of the herd of Brahma and Indo-Brazil bulls and cows has grown to almost 12,000. About 2,000 cattle a year are sold for slaughter from this ranch.

To spend a day at the Motta ranch is to get a sharp impression of the ranching business. The Mottas themselves run a liquor import-export business in Panama City and the Colon Free Zone and normally travel to the ranch only at weekends

in their private plane. A farm manager looks after the day-to-day running of the ranch and it is a tough job.

The cattle, strange-looking beasts with large ears and a hump in the middle of the back, appear to the ignorant outsider to be just roaming across the land and chewing the grass. In fact the business of ranching is far more complicated than this. Every month there is something special to be done on the ranch. This month the dry season ends and the heavy rains begin so the grass will have to be trimmed.

Sleepy

During the dry season the cattle are fed straw and molasses. But between now and December 140 in. of rain will fall and what is now fairly parched, dry land will sprout lush grass on which the cattle will grow fat.

The grass is vital for the cattle, but with it grows "bad" grass. Just over 100 workers are permanently employed on the Motta ranch, but when the rain begins another 300 people will find temporary work on the farm.

They are needed to trim the grass with their machetes to a specified protein height and to root out the "bad" grass. For the peasants of Remedios, a small sleepy village a mile away from the ranch, the rain means a chance to earn some money from "la familia."

When the five brothers bought the ranch the English owner travelled around his land on horseback and it would take him a whole day to visit every part. Now there are John Deere tractors levelling parts of the land and some fields are irrigated for rice production. After April many of the new labourers will make for the more isolated parts of the land, which goes down to the Pacific and is inaccessible to the tractors. There they will slash away at the grass.

The calves are born in the dry season after December and the first few weeks of their lives are a headache for the ranch manager. He has to try to keep buzzards and other preying birds away from them.

Buzzards

I understood the difficulty of doing this when I travelled around the land in a Jeep. Suddenly we came to a field where about 50 cows were resting from the afternoon sun in the shade of some trees. The manager trod on the accelerator and we sped across the land pointing the vehicle at dozens of buzzards by the side of the cows.

Several buzzards hovering over bloody new-born calves were ready to peck at them. "They can kill them at this age," said the manager. The buzzards took off in a great flight but when we had driven on some of them returned.

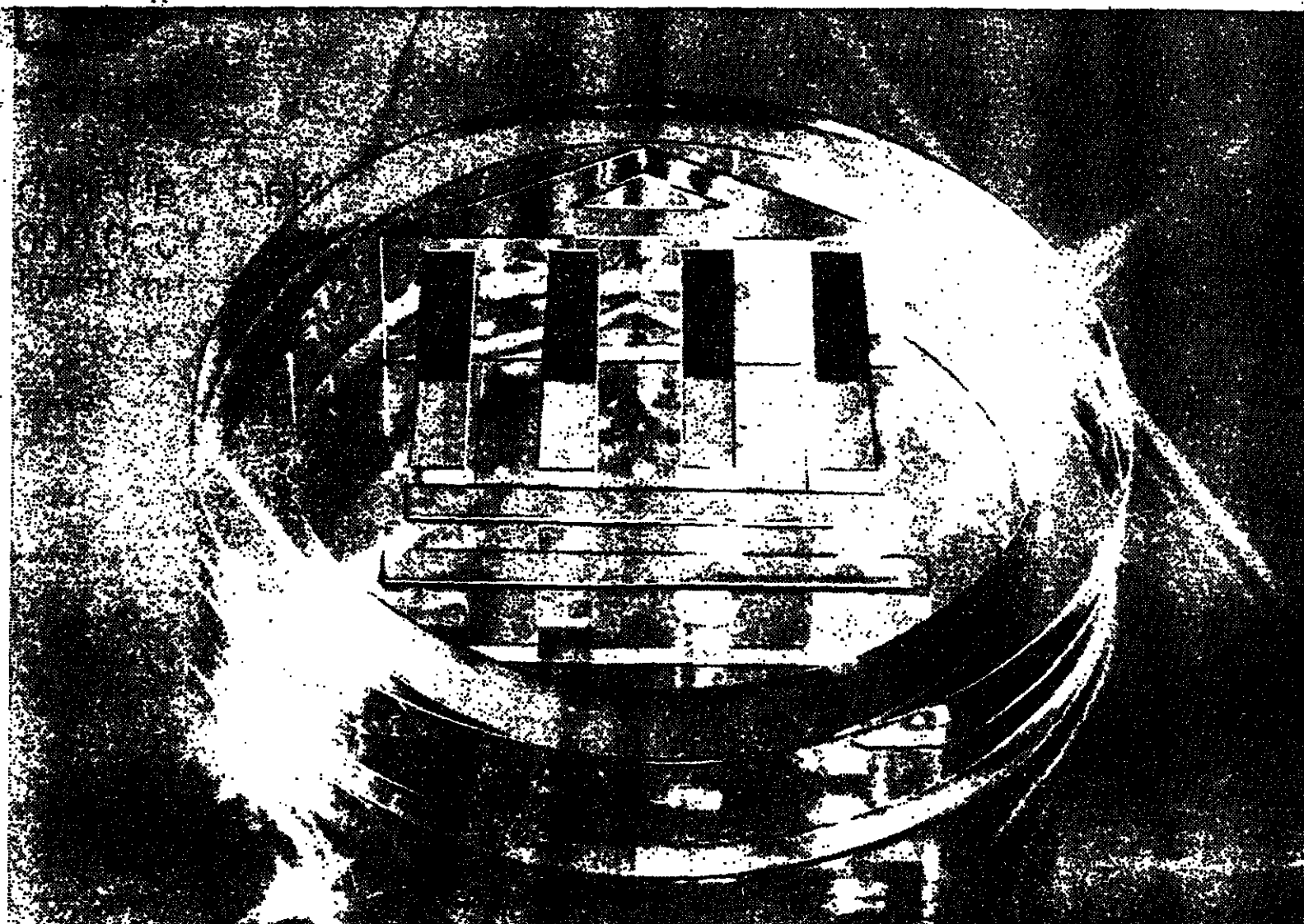
The bulls, worth anything up to \$15,000, are displayed at cattle fairs around the country and have won the Motta family many trophies which fill a room of the ranch house.

Ranchers in the Chiriqui area are concerned about the intended construction of the Cerro Colorado copper mine in the mountains nearby and say that the mine could pollute the rivers from which the cattle drink.

A decision has not been taken yet on whether the project will go ahead but ranchers are already issuing dire forecasts about the results for them if it does.

Their fears are exaggerated, says the copper company. Nevertheless, extreme caution will have to be taken to make sure that there is no danger to the rivers. Panama is self-sufficient in many products and were cattle to be harmed from polluted waters beef might have to be imported.

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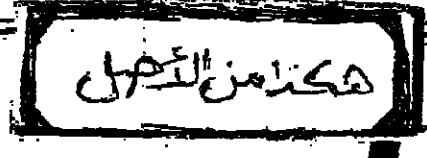
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THE ARTS

Cologne Opera

Omphale

by RONALD CRICHTON

One of the many aspects of the mass of legend surrounding the hero Hercules or Hércules is the incident of his enslavement to the Lydian Queen, Omphale, his mistress in both senses of the word. Artists in classical times and since the Renaissance were tempted by the couple's exchange of club and distaff and even of clothes. Saint-Saëns wrote a symphonic poem on the subject of Omphale's spinning-wheel. Among composers who have treated the story operatically are Cavalli, Telemann, Simon Mayr and now the East German Siegfried Matthus (born 1934), an Elster pupil who worked with Eisenstein at the Komische Oper in Berlin.

His Omphale, to a libretto by Peter Hacks, was first given at Weimar a few years ago, then revised for the present Cologne production, a "Deutsches Deutsch" (East-West) occasion of some importance. The libretto is unusually good—tightly constructed, pitifully and amusingly phrased. Queen Omphale, whose lands are ravaged by a rampaging lion and by a man-eating monster called Lityerses, lives quietly in her Lydian palace, consoling herself with a slave who has taken her fancy. The slave fathers a child by Omphale's servant Mails; the child is born and grows to manhood during the very night of his conception. The event leads to the discovery of the slave's identity. Hercules kills his lion. He and Omphale fall still more deeply in love. They see their exchange of sexual roles as an extension or completion of their love.

Omphale now wears the lion-skin and wields the club. Hercules puts on her saffron robe and wields the distaff, though he can still snap off a tall marble column and place it across the palace entrance to bar the way to intruders. The monster Lityerses remains, however. Finally the hero is goaded into action. Off he goes, still in drag, to the desolate vineyard which is the cannibal's lair, where Lityerses is slaver-ing over the abducted nymph Pimples, beloved of the shepherd Daphnis. Omphale follows, skin-tight black leather under the lion-skin. After a bloody fight of which Hercules bears

the brunt, the monster is slain. Omphale precipitately gives birth to three more man-sized hero-sons of Hercules and resumes her woman's role. Hercules, once more a man, plants his club in the soil of the vineyard. It sprouts olive-leaves signifying peace.

The music at a first hearing seems content to miss the ironic, pointed tone of the libretto. The opera is carefully composed in freely atonal style for a modern symphony orchestra—a good, serious, middle-of-the-road stuff that doesn't quite stimulate the desire for extra study that might bring greater rewards. The love music for Daphnis and Pimples, in the first-act Intermezzo and again later, shows a lyrical vein not always evident in the scenes for Omphale and Hercules. The scoring is often thick and the Cologne Orchestra of Cologne more remarkable for solidity than finesse. There was a feeling of sluggishness conceivably due to a fault noted in several modern opera scores of this kind—stretches of immobile arioso too impersonal for drama or lyricism. The opportunities offered by the text for "musical" patterning of the vocal line are infrequently taken.

The Cologne staging is very competent. Michael Rampe produces in designs by Jan Schlühbach, with ingenious and becoming costumes by Reinhard Weirich. Besides looking equally fetching in saffron robe or hero's leather, Edda Moser sings the demanding rôle-rolle with serene assurance. Hercules is Victor Braun, whose warm baritone timbre is a memory that Covent Garden might allow us to refresh. The ripe-voiced Mails is Szymay, sings Mails. Georgina Resak and David Kuebler make much of their scenes as Daphnis and his nymph, Wilfried Baderek and Marthias Hölle sing the half-brother and sister son of Hercules. Ulrich Hilscher spewed venom as the cannibal Lityerses, a lumbering comic solo. Rainer Koch conducted. In proportion to its size Cologne is giving Omphale, a better chance than most contemporary operas can expect in London—six performances with more to come in June.



Victor Braun and Edda Moser

Purcell Room

New Scottish music

by NICHOLAS KENYON

The Redcliffe Concerts of British music justified the penultimate word of its title on Sunday night by bringing to London for the first time the well-established New Music Group of Scotland. They presented four works, two of them substantial vocal settings for Josephine Nendick: Ave Maria, by Margaret Lucy Wilkins, which sets medieval English texts; and One Foot in Eden, by Thomas Wilson, which sets three poems by Edwin Muir.

The latter title may be familiar as the name of the Arts Council's recent film about Peter Maxwell Davies' life on Orkney. But Davies is not the only composer inspired by the northern islands, nor is the poetry of George Mackay Brown which he sets the only possible literary response to the wild wonders of the area. Edwin Muir's quite different, measured, carefully selected metaphors convey another part of Orkneyan culture, far less self-consciously primitive, and Wilson has here matched them with potentially evocative music.

With eight instruments and voice, he succeeds in creating crisp, characteristic textures.

Rowan/Round House

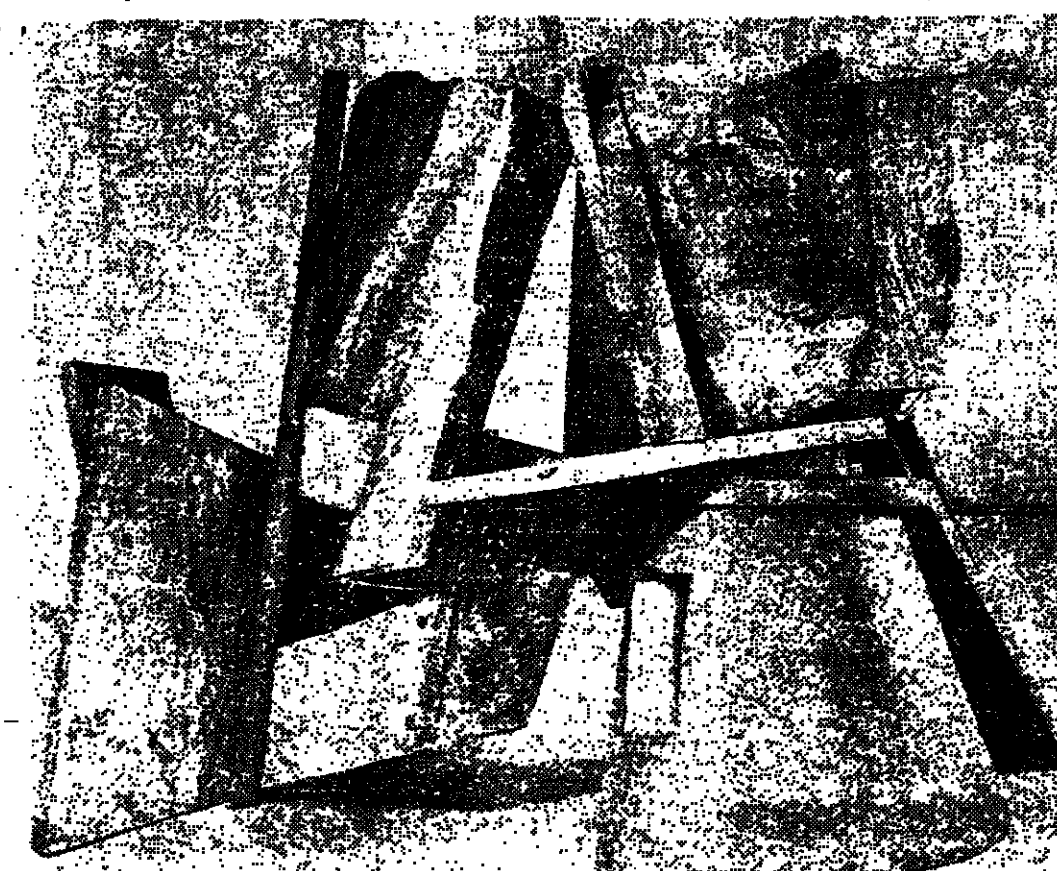
Philip King and Michael Kenny

by WILLIAM PACKER

Contemporary British sculpture does us all great credit, though one would hardly guess as much from the support we give it. Works are bought, of course, by the various institutions whose job it is to support the art, but constraints of size and portability must often weigh, quite literally, most heavily against the acquisition of the more ambitious items; and, for the rest, the few public authorities who make it their business to intervene imaginatively and judiciously, Harlow and Milton Keynes for example, are conspicuous in their isolation. In London the few modern works in public places are as likely to be there by the artists' generosity as by any actual patronage. There is no legal provision in the cost of development of a site for commissioning of works of art, which is a simple device, and commonplace abroad. Architects and town planners appear to distrust artists, for they are markedly reluctant to invite their early co-operation, and never do so as a matter of course, even going so far as to feel they can do better themselves on the cheap, and at the last moment. Too often what work does appear is desperately cosmetic, commissioned in haste, or bought from stock, as it were, when a wind-swept patio or blank curtain wall turns out to be rather less engaging than was envisaged in the architect's own water-coloured proposals.

At the end of it all the artist is expected to mix the material simply for being noticed while bearing, all the costs of time and material himself, any profit quite withered away. It is, in short, extraordinary that anyone here, where we cannot wait to get the magnificent Henry Moores out of Kensington Gardens, and the brave public sculpture scheme in Regent's Park excites angry letters to the newspapers still, should persist in the exacting and unrewarding practice of sculpture. And yet artists of the very highest quality do remain here, even with Mr. Moore now very much hors concours; and two current shows make the point.

Philip King, who studied under Anthony Caro, and was closely associated with St. Martin's in its great days in the early Sixties, is showing now at the Rowan (until April 26), his most recent work, one or two small pieces but prominently a huge white sculpture, half as high as a man, that he calls "Within". King has always liked to work on such a scale, returning to it often, and the open structure, and the inviting space too, that is first screened and then opened out, have been regular preoccupations. But considerable changes have been taking place lately: the former general lightness and industrial anonymity of surface and material much modified. The scale taken down, the base broadened but



'Within' by Philip King

the space closed in, the material massive and natural, heaped into loose, apparently impromptu pyramids until, that is, we read the cunningly casual metal armatures that hold the slabs and beams in place, the work has taken on a much more secretive and mysterious character, recalling his own early work admittedly, with its mythical associations, but also an ancient world of tombs and barrows and other dark, old places.

This new work then, is a great surprise, for though King continues to mix the familiar ingredients together with unflagging sensitivity, invention and technical command, slate, wood and metal, a certain weight seems to have lifted from him. The physical lightness of the piece, in the mind at least, is remarkable, a huge mass poised in mid-air with little apparent effort. As we walk around it draws us to it, begging closer inspection; and as we thus move in its massive fortress nature, strong and simple and beautifully composed, changes to something rather less unbending, as the eye runs across and into these perfectly judged and regulated surfaces, bolts and ramps, nooks and crannies. It is a true tour de force; the best new work to be seen in London for some considerable time.

And at the Round House in Chalk Farm (until April 28), King's fellow Associate of the Royal Academy—the cobwebs were swept away long ago, and

the windows opened—Michael Kenny is showing his larger recent work and a number of new drawings in the context of a compressed retrospective. His work, however, is of a very different kind: where King's is massive and monumental, Kenny's is fragmentary and diffuse, the former humane only by association, the latter haunted by a palpable human presence. It takes up quite as much space, but in area rather than volume. A low rostrum is set out as the stage on which Kenny's images must come to life, furnished with perhaps a stool of sorts, arcane marks and symbols inscribed on the boards, a few ambiguous implements set out, a plumb, a string, a brass rod.

And there is the residual cast of the figure itself, from which we must ourselves project its full condition: but all we have is a fragment, a token, an abstraction. And we are left to invent for ourselves the role that was or might be acted out. Such work is dangerously precocious, which is generally the condition of all work in the visual arts, and especially that which is conventionally poetic, so much to do with arrangement and disposition rather than making, so highly sensible. But

Kenny persists in it, and in the end wins his private battle. The work has an integrity and consistency that commands respect and a real physical beauty too, given time and sympathetic consideration. Which is not to suggest he deserves any special treatment or allowance, but simply to say that all serious work in the arts, as in other fields, should be taken first on the terms it sets itself, which can demand of the viewer much time and careful attention. Kenny's thoughtful and delicately exact work will tease any imagination that cares to tune itself to its quiet rhythms and suggestions.

Finally a word about the Round House Gallery itself, which in its short life, under the direction of Jim Latter, has become one of the most coveted spaces in London, an unusual shape, admittedly, but able to accommodate the largest works. But the Round House is funded as an Arts Centre, with the emphasis very much on the performing arts, and no obligation to support a gallery at all. We must pray that the success and now importance of this excellent, modest venture, with all that implies, does not go unremembered by those with power of dispensation over it.

Tower, Canonbury

Divorce Me, Darling!

by MICHAEL COVENEY

Sandy Wilson's 1930s sequel to *The Boy Friend* had a moderate success when first produced in 1964. At a time when nostalgia and inaccurate pastiche is rife in the London theatre, the enterprising Tower Theatre has mounted a splendid revival that demonstrates Mr. Wilson's unrivalled gifts as an affectionate parodist. I have long considered this score to be superior even to that of *The Boy Friend*, and the onstage reality, with modifications and revisions by Mr. Wilson himself, confirms me in that opinion.

Polly, Malsie, Dulcie and Nancy, now married, are holidaying at the Hotel du Paradis in Nice. Their respective spouses are also, quite separately, on hand, and this leads to the fluffy marital confusion that could end in divorce all round, although, of course, the likelihood is minimal as adultery in Mr. Wilson's world is more a matter of fantasy than of fact. Polly's parents-in-law, the Brockhursts, invade the Promenade at the head of a troupe of Health and Beauty girls; Madame Dubonnet, who "finished" Polly, is appearing in cabaret at the Café Pataplan; and the maid, Hortense,

now works in the Hotel and has her eye on the manager. Polly, Malsie, Tony and Bobby play out their chance encounter in the form of a wickedly funny re-run of a famous scene in *Private Lives* (the Duke of Monmouth's yacht is bigger even than the Duke of Westminster's), and the temporary reunion of Polly and Bobby is done in the style of Astaire and Rogers at their most languidly flirtatious. When all is happily resolved on board the Duke of Monmouth's yacht, Madame Dubonnet appears as Marlene Dietrich to regale us with "Blondes For Danger," one of the wittiest numbers Mr. Wilson has written.

Noel Howard's production is, quite simply, one of the best amateur productions I have ever seen, scrupulously exact in its period of detail, touching and funny, never coarse. The sets and costumes are a feast for the eye, and the performances, notably those of Angela Jenkins as Polly, Anne Katz as Hortense and Bill Crais as Sir Freddie (Kotherington-fitch), are bang in style. An exhilarating evening, Beauty girls; Madame Dubonnet, who "finished" Polly, is appearing in cabaret at the Café Pataplan; and the maid, Hortense,

Festival Hall

Tavener

by MAX LOPPERS

Antigone, daughter of Oedipus, buried her brother Polyneices after his body had been condemned to lie rotting outside the walls of Thebes. For that act—an infraction of the edict of Creon, king of Thebes, which was itself a grievous transgression of moral law—she was punished with entombment in stone. In *The Invention of Antigone*, a monodrama for soprano and orchestra given its first performance at the last of the Four Friday Concerts by Vivien Townley and the Royal Philharmonic Orchestra under Wolfgang Rennert, Antigone describes her living death, Gerald McLaron's text summarises past events (after Sophocles) and recounts present thoughts and feelings in a form that bears comparison with the classical scene.

At a pre-concert talk Tavener revealed that he had written the complete voice part first, and from it had derived every aspect of the work's harmonic substance. (Study of the score bears out that the six notes of the

soprano's opening phrase hold the key to the musical working.) From the soloist are demanded a Brünnhilde-like range, from G below the stave to B above it, and powerful projection in a tessitura that rises, and through an orchestral texture that thickens, with the piling of the stones.

But the vocal line, at least as heard in this performance, makes no very specific effect, sounding broadly "dramatic" rather than illuminative of character and situation. Antigone conveys, as a whole, a stronger charge of energy than other recent Tavener compositions (such as *Palinurog*, also heard on South Bank last month) have done; but it seems a generalised kind of energy. Perhaps its subtler features wait to be traced by a more penetrating (and vocally penetrative) interpreter. Miss Townley rang out some big, bold phrases, others in which pitch was vague, still others lost to the orchestra, and her words were mostly inaudible. The work was discreetly and harmlessly staged.

BBC 2/Radio 3

Carmen

by MAX LOPPERS

As all the world must know by now, April is BBC television's Opera Month. It is a bold undertaking, promising in its eight complete opera broadcast ventures off the beaten track in addition to the repertory favourites. More in sorrow than in anger, therefore, it must be noted that the season got off to a distinctly unpromising start on Sunday evening with a *Carmen* from the Vienna State Opera that was big, internationally starchy, brightly coloured, and dramatically limp.

Xeffrelli, producer, designer, and director for television, concentrated on what in the film world are known as Production Values. Money was lashed out of this *Carmen* (the Vienna correspondent of Opera reports in the February issue an overall cost of 15m Austrian shillings, or over £500,000), and it showed. Most of the time, the large stage was packed—with milling, live animals, spectacular scenery (the close of Act 1 borrowed, dubiously, from *Sansone and Delilah*), Spanish dancers, a nd so on. In other words, the usual big-opera-house mistake had been made with an opera that is a small, tight comedy enclosing a terrible tragedy, and the results were the usual ones—deflation of stage perspectives, reduction of dramatic intensity.

All this was emphasised by the television presentation. If it was not the most inept relay from a leading opera house that we have seen, it was still none too happily achieved. There was randomness, an air of large-scale indecision, in the way crowds streamed back and forth across the screen, obscuring the dramatic direction (the start of the Habanera was a mess). Better such, though, than the camera-dives into the pit and long, loving glances at the conductor. Carlos Kleiber, usually just at those moments when a singer demanded to be the focus of attention, it was instructive to record, in the Card Scene and in the final duet, two episodes in which the viewer was permitted temporarily unhindered access to the

characters, a sudden rise in the temperature.

Kleiber's conducting was brilliant of a kind sometimes no more than a hair's-breadth away from effects-seeking showiness. The quintet was hard driven, "Là-bas, là-bas" pulled about from slow to fast. The playing had been buffed to a high-gloss finish, but it lacked charm, Gallic salt. It was hardly a performance to extol the classic virtues of *Carmen* vocal style. Three of the principals boasted large, handsome voices, and spread them generously along the vocal lines. Elena Obraztsova's mezzo, except when she pressed it into a snarl, was its gorgeous self; she played Carmen with a Cinerama smile and an all-purpose hands-on-hips posture, without wit, flash, or danger, and with notably poor castanet technique. It was unkind of Zeffirelli, the designer, not to disguise more effectively her want of the *physique du rôle*.

Unkind likewise to dress Plácido Domingo up as a large furry teddy bear. At least no tricks were played on the voice, which poured out with golden ease and passionate freedom. Obraztsova's compatriot Yuri Mazurok was the wooden Escamillo. Except by the Micaela of Isobel Buchanan, touching and true if not always sweet of tone, various degrees of violence were practised on the French language. There was the oddest mixture of (authentic) spoken dialogue and (unauthentic) recitative in an edition disfigured by cuts.

Boult at 90

Among the many tributes to Sir Adrian Boult on the occasion of his 90th birthday next Sunday will be special feature programmes on radio and television. These include: Sir Adrian in *Rehearsal* (BBC Radio 3, April 5); *A Tribute to Sir Adrian* on BBC 2, April 6; *Desert Island Discs* (Radio 4, April 7); BBC concert from the Royal Albert Hall (Radio 3, April 8).

Sir Adrian's new recording of *Holt: The Planets*, made in association with KEF Electronics, is released this month.

This announcement appears as a matter of record only.



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Tuesday April 3 1979

Greece and the Nine: a suspicious calm

By MARGARET VAN HATTEM, recently in Athens

Sadat stands isolated

PRESIDENT Jimmy Carter was only being realistic when he described the Egyptian-Israeli peace treaty...

hurful an action as the rupture of all diplomatic relations. Far more damaging is the decision to cut off all financial assistance...

Invidious

Saudi Arabia was placed in a particularly invidious position by the militant Arab pressures aimed at bringing Mr. Sadat to his knees...

Sanctions

The outright rejection of the treaty by all the Arab states, apart from Morocco and Oman, means that there is little chance in the foreseeable future...

Even more disturbing than the rejection of the treaty is the Baghdad decision to ostracise Egypt politically and to impose economic sanctions...

Promises

A very heavy responsibility now lies on the U.S. to make good the loss of Arab aid. Mr. Carter has already made promises of substantial assistance...

Holding the wrong line

THE FACT that a large majority of the civil service stopped work yesterday in protest against the Government's handling of its pay negotiations is not in itself a sign that the Government is in the wrong...

Comparability

The principle which is worth a dispute here is whether the rule of comparability which has been in force, with intermissions, since 1965 is any longer an appropriate one for setting civil service pay...

is wrong that civil servants should in effect be asked to finance part of the cost of unrealistic spending plans out of their own pockets...

Efficiency

We have already pointed out that the whole principle of comparability begs far too many questions to be accepted as the basis for pay settlements...

Job security

On this evidence, it is very hard to make out a case that the civil service as a whole is underpaid, at any rate on the comparisons ruling last year...

EEC NEGOTIATIONS are beginning to ask why Greece is walking so quietly into the Community. Unlike the British, who seven years after accession are still openly wondering whether they ought to be in the Greeks have not really had a full scale public debate...

The negotiations are almost complete and when Greek and EEC ministers meet in Brussels today the few remaining loose threads are expected to be tied up, clearing the way for accession at the start of 1981.

Two-foot-high olive trees

The Government has put its case effectively. Greek farmers may not yet have grasped fully the labyrinthine workings of the Common Agricultural Policy...

the immediate advantages of EEC membership, they do not appear to have thought quite so hard about how it will change the country in the longer term...

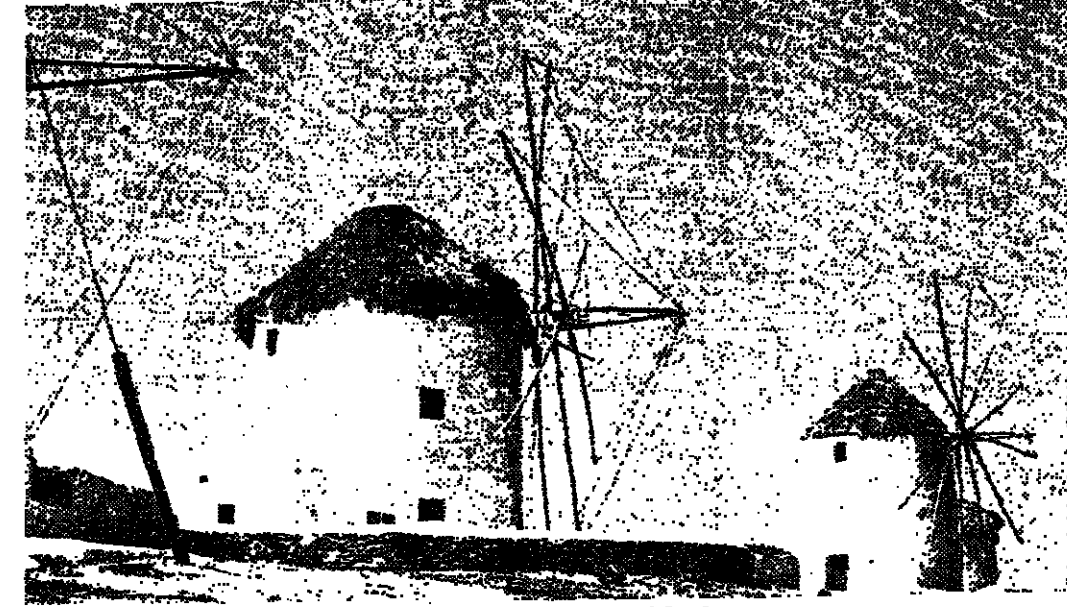
In any case, they will not do as well out of the CAP as those in the northern EEC countries. Unlike the Irish, they cannot coast to prosperity by producing milk, and the £275m which appears so impressive now, may not look quite so good after a few years at the lower end of the EEC farm income scale.

The first, and possibly the biggest, problem will be the need to get inflation down from the present 12.6 per cent nearer to the Community average of 7 per cent.

At the same time, the Government will have less control over the drachma. Up till now, it has used rigid exchange controls and a tight grasp on the banking sector to steady its exchange rate.

The removal of trade barriers is expected to stimulate imports from the rest of the EEC more than Greek exports.

Moreover, despite the adjustments now agreed, Britain and Italy in the past were able to use heavily over-valued "green" currencies to shelter consumers from rises of food prices which would otherwise have followed the decline of their currencies on foreign exchanges.



Windmills on the Greek islands

rates used for farm prices and the normal foreign exchange rates is continuing, and it looks as though the Greeks will not be allowed as much leeway as the British and the Italians were.

Industry faces problems as the remaining tariffs on industrial goods are brought down over the five-year transition period.

The Greeks appear to hope that their comparatively lower labour costs will attract investment in industry from other EEC countries.

Mr. Giorgios Kontogeorgis, chief Greek negotiator of a full accession agreement, which is expected to be signed later this year, takes a fairly robust attitude to these problems.

Nor does he expect the impact of EEC membership on the Greek cost of living — expected to raise the Consumer Price Index by 4-5 per cent in five years — will affect Government targets in the fight against inflation.

Uncompetitive industries

In fact throughout the two years of formal negotiation, the Greeks have not been too concerned with protecting uncompetitive industries.

The main overt aim of the Greek negotiations from the outset was to get the shortest possible transition period to full EEC farm prices for their farmers.

Farmers in certain sectors are in for some hefty increases after the five-year transition period (seven years for tomatoes and peaches).

This works out at around £100m more than they currently get. No doubt Greek olive oil consumption will drop as prices rise and as national import restrictions on other edible oils are lifted.

Fruit and vegetable producers, no longer subject to the Community's countervailing duties on their exports of table grapes, tomatoes, cucumbers, peaches and citrus fruits, can expect to boost their returns substantially.

Citrus growers, who currently export less than 30,000 tonnes a year to the Nine, may not be able to place much more on EEC markets.

But other farmers will be hard hit. For years, the Greeks have run their own price support system — they are no strangers to the chronic EEC problem of surpluses — and their guaranteed prices for meat and some cereals are close to Com-

munity ones or even higher. Livestock producers face severe problems as the feed grain subsidies and consumer subsidies which helped keep them in business are phased out in accordance with EEC rules.

Meanwhile, once Spain (already a far bigger agricultural producer than Greece will ever be and with far more scope for expansion) and Portugal join the EEC, the present arrangements for Mediterranean agriculture will have to be modified.

Risk of damage to small states

Under existing support measures, production of these products would increase in the three new member states. But it would be exceedingly difficult to offload them on to world markets.

The Mediterranean farm sector in the Community of 12 will almost certainly be forced to modernise, to become smaller and more efficient.

But that looks a bit uncharacteristic. So some in the EEC Commission are worried by the calm of the Greek accession process.

MEN AND MATTERS

Blackout for that other election

A multi-media campaign designed to make the British public sit up and notice the European elections has been still-born.

The reason is a little-known agreement between the British Government and Roy Jenkins, President of the European Commission.

Even pro-Market politicians were making nervous noises last year about the harm a glossy publicity campaign might do, and the budget was therefore kept to a relatively modest £500,000.

But the British Government was still not satisfied. On January 31 this year Sir Donald Maitland, permanent representative to the community, wrote to Jenkins expressing the view that the publicity campaign should coincide neither with a British general election campaign, nor with the campaign for the European elections themselves.

Tight ship

I am beginning to lose count of the number of men overboard from the ailing shipping giant, P & O.

The latest casualty is Robin Sanders, the company's head of information, now rushing off to join Seacontainers, The United States group.

Spears are in

With South Africa ruffled by professional suggestions to play down the Boer victory at Blood River, the London travel firm, Musgrove and Watson, has adopted a near-subterranean profile for its Zulu War centenary trips.

Christopher James, who has set up the Zulu holidays, is not keen to go into the rights and wrongs of 100 years ago: "It's all a matter of opinion," he tells me — while conceding that his own feelings are strongly pro-Zulu.

South African by birth, James has 400 books on the Zulus, speaks their language, and regards the war as his "hobby". So far, he says, there has been no negative reaction at all, and he has sold out one out-price tour aimed particularly at old soldiers.

While keeping his eyes on the possibilities of the Boer War and the Second World War, James is looking in other directions, too, including the battlefields of 1939-45.

The only rival I have been able to discover is, or rather was, called Captain Gordon's Battlefield Tours. But it met its commercial Waterloo last year.

Sailor's friend

The imperial heritage dies hard in far corners of the globe, as illustrated by an advertisement by the Nigerian Navy inviting tenders for all manner of exotic items.

Snake alert

Monetary confusion is reported from Dublin, where — after 150 years — the pound sterling has suddenly become a foreign currency.

As is usual with P & O these days, there are two contradictory camps: one welcomes the turning of the screw on over-heads and the other questions the wisdom of returning to a style of management which brought prosperity 15 years ago, when circumstances were entirely different.

Verse and worse

The decline of the British talent for versifying was sadly revealed yesterday when the results of a clerihew competition were announced.

Dear Finance Director

When your Company is below par, it costs more to accomplish less. The same is true of your pension scheme: but if the facts are submerged, how will you know?

Perhaps you should commission an independent report. But from whom? As a start you could learn much by attending one of our half-day illustrated seminars on Pension Scheme Finance that we hold monthly in London and other cities.

Please write or telephone for particulars or to arrange a consultation.

Yours sincerely, Martin Paterson

Advertisement for Martin Paterson Associates Limited, featuring text about pension scheme finance seminars and contact information for London, Edinburgh, and Dublin.



The Teamsters' challenge to Mr. Carter's pay policy

BY JOHN WYLES IN NEW YORK

PRESIDENT CARTER'S Administration appeared, at the worst end, to have secured the worst of all possible worlds in its handling of the critical trucking industry pay talks.

It was faced with a national shut-down of the industry by employers retaliating against selective strike action; despite the fact that the government had interpreted the pay guidelines so flexibly that its pay limit has effectively been raised from 7 per cent to around 10 per cent.

Most of the details are still obscure. But it seems that as the deadline approached for the negotiation of a new contract, last Saturday midnight, the Administration judged that a settlement with the truck drivers could be reached peacefully if it excluded certain pay and benefit increases from counting against the pay limit. Unfortunately, despite having made significant concessions, the Administration would still not concede enough to bring the Teamsters Union, representing the 300,000 truck drivers, to sign a new contract. Instead, it called selective strikes aimed at dividing the employers — to which the employers responded with a national lock-out designed to illustrate their unity.

The risks of the course taken by the Administration are profound. The Teamsters are the first major group of workers in a cycle of important contracts to be negotiated this year in the rubber, electrical goods manufacturing, food processing and motor industries. At the very least, some of the unions involved in these forthcoming negotiations may well be encouraged to believe that if the going gets rough the government can be assumed, to have

as much spine as a jellyfish in defending its pay policy. Thus, whatever the outcome of the teamsters' dispute, the Council on Wage and Price Stability, the guardian of the guidelines, may already have critically compromised its own integrity and that of the policy.

The Government claims that so far the pay guidelines have met with some success and that 33 major deals covering 325,000 workers have been settled within the 7 per cent limit. But price-restraint has seemed to many to be a chimera. The credibility of the guidelines has been badly shaken by the 15.4 per cent annual rate of increase in the February consumer price index and the 26 per cent increase in corporate profits in the fourth quarter of 1978 over the year before.

Non-unionists

The pay guidelines were written with the aim of curbing the half dozen or so major pay deals, including those of the Teamsters and the car workers, which are to be negotiated this year. These agreements play an important part in helping to determine the wages paid to many of the 80m Americans who do not belong to trade unions.

If the pay curbs do become ineffective, Mr. Carter believes he will be left with the unpleasant choice of either mandating pay and price controls, which he is still ruling out, or of deliberately precipitating a recession. Organising a recession of sufficient severity to cut inflation is not something that Governments usually do. It is an exercise which Mr. Carter is understandably reluctant to contemplate as the

1980 presidential election season approaches.

Although the parallels should not be exaggerated, Mr. Carter's problem with the Teamsters carries distinct echoes of the conflict of Britain's miners with Mr. Edward Heath's Government in 1974. Like Britain's miners, the Teamsters have always been seen as the key test for Mr. Carter's incomes policy because they are a group of workers with industrial muscle, accustomed in recent years to above-average pay rises and their negotiations come early in this year's cycle of important pay deals. Although not as culturally isolated as miners, the Teamsters Union does stand apart from the U.S. union movement—it was expelled for alleged corruption from the American Federation of Labour-Congress of Industrial Organisations in 1957—and is increasingly gripped by a siege mentality.

This has been built up by a number of court cases launched by the Carter Administration aimed at eliminating alleged corruption in the handling of the union's health and welfare and pension funds. Under an agreement with the Labour Department, Mr. Fitzsimmons himself was forced to resign in 1977 as trustee of one of the union's largest funds, the Central States Pension Fund, and he and his fellow trustees, most of whom Teamsters officials have since been accused in a Federal suit of mismanaging the fund.

But legal battles with the Federal Government have been nothing new for the Teamsters since the late 1950s when the Senate's select committee on improper activities in the labour and management field produced considerable evidence

of corruption within the union and of alleged links with organised crime. The McLellan Committee, as it was known, featured some memorable duels between its chief counsel, Mr. Robert Kennedy and Mr. James Hoffa, the legendary Teamsters president who disappeared without trace in the summer of 1975.

There has been, however, a benign side to government relations with the Teamsters which is extremely relevant to the current battle over pay. Federal regulation of the trucking industry through the Interstate Commerce Commission began in 1937 with the aim of eliminating destructive competition and ensuring predictable and reliable inter-city carriage for all categories of goods. Traditionally, the ICC has benevolently allowed truckers to pass on cost increases in higher charges with the result that for the past 15 years the Teamsters and the employers have met triennially, agreed substantial national pay and benefits settlements, the costs of which were then usually endorsed by the ICC in the form of higher charges to shippers. For the truck drivers the direct result has been a 137 per cent increase in wage rates during the past nine years compared with an 81 per cent rise in the consumer price index.

But the effect of regulation on the employers has been, as one close observer put it, "to remove their bargaining backbone so that when it comes to the crunch they are men of straw."

Negotiation of the 1976 contract provided some illustration of this. Although there are some 17,000 trucking companies covered by ICC regulation, the

national pay talks directly cover the largest 500 carriers employing in the region of 300,000 drivers and warehousemen. Angered by the industry's refusal to agree to a large enough settlement, Mr. Fitzsimmons called the industry's first ever national strike from April 1, 1976. While the major carriers stood firm, a breakaway group based in the Chicago area promptly sued for terms and within two and a half days the industry was back at work on the basis of a 34.4 per cent increase in wages and benefits over three years.

Dissidents

The muscular approach employed by Mr. Fitzsimmons and his colleagues three years ago appeared to stem partly from a desire to fend off dissidents within the union who had been (and still are) exploiting the whiff of corruption which has tainted the leadership of the union for more than 20 years. Since he took over in 1967, originally as a caretaker president while Mr. Hoffa served a prison term for bribing jurors, Mr. Fitzsimmons has been determined to shake off the Hoffa sent out for sandwiches and coffee.

But the Teamsters are far from ineffective. The union is far and away the largest in the U.S. and its 2.3m members range from truck drivers to airline stewardesses, from cab drivers to nurses and from brewers to policemen. It has been more successful, and more dogged, than many AFL-CIO affiliates in securing bargaining rights for new members and is far more ready than some to use the strike weapon in support of its goals.



Like U.S. juggernauts—300,000 drivers are subject to a national lock-out

The trucking employers felt compelled to stand behind the guidelines in the fact of the Teamsters' apparent determination to breach them. The Government's leverage on the employers, through its control of freight rates, meant that the union has really been negotiating for the past three months with the Government.

Until he started to bend last week, Mr. Alfred Kahn, the economics professor who heads the Council on Wage and Price Stability, had warned the employees time and time again not to rely on being able to recoup the costs of a guidelines busting settlement through higher charges to shippers. The potency of this threat cannot be over-estimated. Wage costs reportedly equal 60 per cent of many companies' revenues and undoubtedly some would go to the wall if forced to pay for a "big" settlement. Teamsters' officials are not blind to this and some have come to agree with the characterisation of the 1974 deal as a "suicide pact" because more than 100 companies were either merged or closed down in the first 18 months of the agreement and they included two significant East Coast bankruptcies: Another factor pushing the union towards a more moderate settlement in 1976 was the growth of the non-union trucking sector.

The spectre which haunts both the union and the truck-

ing employers is the Administration's threat to deregulate the trucking industry if the pay policy is flouted.

But the deregulation card, never the strongest in the pack has clearly failed to win the agreement the Administration had hoped for. The prospect now is for a damaging stoppage which the Administration may try to abort by seeking an 80-day cooling-off period through a Taft-Hartley injunction. But whatever happens, the 7 per cent pay limit has been made redundant. In seeking to put a gloss on the debacle, the Administration will probably argue that on the grounds of equity a higher increase was justified. Unnamed White House sources have been widely quoted over the past few days as pointing out that the inflation rate is at least three per cent higher than the 6 per cent envisaged when the policy was launched last October, and that therefore some adjustment was necessary.

These adjustments cleared the way for a deal which the employers have costed at more than 30 per cent over three years. But the Administration refused to give its blessing to a more generous cost-of-living clause demanded by the teamsters and to inflation-proof pensions. Other items of the contract, including pay rates, were substantially agreed and apparently endorsed by the Administration, which had indicated that the cost of the deal could be passed through in higher freight charges.

But the last-minute deadlock on Saturday has left the U.S. facing a damaging trucking strike which could seriously affect basic industries like steel and motor vehicles and possibly help the slide into a recession which many economists are predicting this year.

cost of living payment due on April 1, and therefore technically "new money" because the old contract expired on March 31, would not count against the pay limit. This windfall for the teamsters, who were making no secret of their readiness to strike, came on top of a re-writing of the guidelines accomplished last December which excluded from the pay limit most of the cost of maintaining current health benefits in the industry and of increased funding of pension funds made necessary to comply with the law.

But the last-minute deadlock on Saturday has left the U.S. facing a damaging trucking strike which could seriously affect basic industries like steel and motor vehicles and possibly help the slide into a recession which many economists are predicting this year.

Revisionism

This is a novel revisionism to those who believed that the only justification for an incomes policy was to persuade people to accept a cut in their standards of living by taking away increases substantially lower than the rate of inflation.

Mr. Kahn, and his Council started to give the game away last week when they indicated on Thursday that a portion of a

Letters to the Editor

Controls on imports

From Dr. R. Horvitz

Sir—But they (the Cambridge Group) are hooked on aggregates... comments Samuel Brittan on the group's Economic Policy Review for 1979 that fastens on import controls as the neo-Keynesian saviour from the neo-Keynesian disaster of income policy after the Keynesian fall from grace of "aggregate effective demand."

Hooked expresses precisely the addictive process by which the "aggregationists" form their own dreams—and often nightmares—of their regulations of behaviour. They now patently believe that their constructs of gross national product and, now, gross international income really exist as information for operational realities. But nothing whatsoever actually operates except at the point of action by an organisational unit, business firm or public sector enterprise.

The present unmanageability of the managed economy was the inevitable and predictable consequence of fiscal policies based on constructs of totalities that do shepherd action on income policy generates destabilising uncertainties.

Two theoretical propositions—one from economics and one from public administration—can be set out in respect of import control as a policy instrument. At the level of the firm the investment-output decision will result in an ever-extended marginally so that ultimately the firm will go bankrupt unless there is import prohibition. The administration of import control must require a licensing permit restricted in quantum so that it becomes the instrument for bribery and corruption—this cannot be prevented by allowing for the "sale" of permits.

South Africa provides the empirical evidence: import controls were introduced in 1948 as the economics for one country. In a ten-year period all textile imports were prohibited including whole ranges not manufactured in South Africa with administrative provision for exemptions. A former South African as myself know that the origins of Muldergate can be traced to the corrosive corruption starting with import controls.

Dr. Ralph Horvitz, London Regional Management Centre, 311, Regent Street, W1.

The way people vote

From Mr. S. Gampell

Sir—For the General Election the Edge Hill by-election result may have more prognostic value than your and other commentators suppose, and not at all in the way that meets the eye.

It may then appear that at Edge Hill the Labour lukewarmers abstained rather more than they would normally do on a wet day (the weather is a major determinant of British elections); the Liberals polled ever their real strength may be; a full normal proportion of whatever their real strength may be; and the Tories turned out massively — and mostly voted Liberal as the best chance of checking the Labour man

out. They do not foresee or fear a Liberal Government. What they do fear is a Labour Government and they do what they can to avoid one.

After the last General Election in 1974 the expert consensus was that this time Labour would have the more scope to pull this cross-voting trick; statistically, that is undeniable. But it may be offset by the Tories being the more "wide-awake" at seizing their more limited scope. That could do odd things to or for the Scottish Nationalist Party, and again not necessarily in the way that has lately been expected.

So the pollsters now have a problem of differential shrewdness, to add to their problem of differential fear and resultant differential turnout, on which they are so prone to pratfall because they can only count heads instead of measuring them. In 1950-51 I was an early entrant into the shrewdness business, and with some success just because I thought, then and since, that the voters evince more shrewdness than the political pros and political correspondents credit them with, often more than the pros and the correspondents evince.

Industrial enterprise

From The Director, Co-operative Development Agency

Sir—Rupert Cornwell's instructive article (March 28) on Italian co-operatives reports that both the Socialist and Communist elements of the National League of Co-operatives emphasise that co-operatives must be viable; and quotes Ornelio Prandini, the League's Communist president as dismissive of the British idea of a co-operative as a last-ditch solution for an enterprise already doomed. Mr. Prandini is miles behind the times.

Published in 1977, the report of the working group on a Co-operative Development Agency (Cmd. 6972) which led—with all-party support—to the setting up of the agency, specified as conditions of success a thorough appraisal of the prospect for viability, and proper organisation, financing and management; and objected to the last resort use of the co-operative form of organisation in a situation of commercial crisis.

The working group was concerned that the example of so-called worker co-operatives would be used, quite wrongly, in criticism of co-operation generally, and of co-operation as an alternative form of organisation. I hope that this letter will do something to remove the misunderstanding which many still share with Mr. Prandini.

The agency's view is that the establishment of a successful industrial enterprise constituted as a co-operative reads at least as a much organisational care, managerial competence and commercial realism as the establishment of a conventional, fully constituted enterprise. That said, the extra that co-operation has to offer as the remaining ingredient without which full success cannot be guaranteed is a potential, in my opinion, in the Italian example, by no means the only one to show that that potential can be

realised to create wealth and stable employment.

Dennis Lawrence, Co-operative Development Agency, Cromwell House, Dean Stanley Street, SW1.

Local authority audits

From the Chairman, CBI Working Party on Industrial and Commercial Rates

Sir—Mr. R. Jones, in his letter to you (March 12) concerning the "Vote for money" study which is to take place in Cheshire, ignores some basic points.

Over half the rate demand is paid for by the non-domestic ratepayer. Most of this is accounted for by industry and commerce, which paid around £3bn last year. This is more than the corporation tax burden, and it is inevitably having its effect on investment programmes and job prospects. We would like reassurance that we are receiving value for money, in terms of the services provided. "Value for Money" studies are not a new idea. They were proposed in the Layfield Report, and accepted in the Government's Green Paper. It was proposed that they should be supervised by an independent institution, in which the local authorities did not have a majority. Industry and commerce clearly have no votes, and we saw this as being an opportunity for us to become involved in a legitimate way, without cutting across the democratic process. Nothing has happened since the publication of the Government's Green Paper in May 1977, and we have launched a local initiative in this direction.

We believe that the Cheshire County Council deserves credit for having accepted our proposal. If it leads to any positive results, it will be to the benefit of everyone, and hopefully, the initiative will be repeated in other local authority areas.

M. E. D. Davis, Confederation of British Industry, North-West Region, Emerson House, Albert Street, Eccles, Manchester.

Brewing lager

From the Production Director, Shepherd Neame

Sir—The brewing supplement (March 21) as usual makes interesting reading for those of us within the trade, as well, no doubt, as market investors. There is, however, one misconception that regularly appears in this supplement, which this time is in David Churchill's article when he remarks that: "You can brew English ale in a lager brewery, but you cannot brew lager in an ale brewery." He also comments that the smaller breweries, unable to afford the expensive equipment needed to make lager, have produced an inferior "non-Continental" type lager.

We have refrained from comment previously since there are small brewery companies, other than ourselves, probably better fitted to draw this error to your attention. Certainly we (and to our knowledge a number of other smaller companies) are brewing lager strictly according to Continental methods and specifications in an ale brewery,

and certainly in our case with a longer lagging time than is normally used in this country by the major groups. It is brewed according to a strict specification and licence agreed with us by Brunelci A. Hurlimann A.G. of Zurich, and our success with this product is entirely contradictory to the views expressed by David Churchill.

I feel that it is time that it was recognised that small brewers can, and do, produce good lagers in ale breweries.

C. R. B. Neame, Shepherd Neame, Faversham Brewery, 17, Court Street, Faversham.

Readership of reports

From Mr. K. Tunstall

Sir—If 99 per cent of annual reports are consigned straight to the waste paper bin unread and unwanted—as suggested in Barry Riley's article of March—here must be a case for allowing members to waive their entitlement to the consequent saving to their company on printing and postage costs.

While circularising existing and new members on this issue, directors could also seek authority to pay dividends by direct credit thus precluding the risk of loss in transmission and the inconvenience of having to obtain an indemnity from members before issuing duplicate warrants.

Communicating the facts

From Lord Brown

Sir—Mr. Barclay's criticism (March 28) on my article on direct communication of facts to all employees is based on misreading I, too, wish to see managers communicating directly person to person, in small groups and as advocated, in much larger groups at times by letter.

But Mr. Barclay also wants managers to meet such groups in order to persuade them. If he does this to groups of trade union employees my bet is that shop stewards will strenuously object. Why? Because in doing so he would be starting the process of negotiating. This is properly the role of representatives.

Managers cannot negotiate agreements, which affect the many, by persuading one small group after another. It would be an impossible and, in my view, an improper process in a company employing say 3,000 people.

I am simply concerned to ensure that all employees know the facts and too many companies fail to take the steps open to them to ensure such a situation. Direct communication by letter of the facts, and facts alone, is one essential step in large companies, particularly when the situation is complex.

I do not suggest that other methods are inappropriate as long as no attempt is made to by-pass proper negotiating procedures. Shop stewards are charged by their constituents to negotiate and their role must be recognised if trouble is to be avoided.

Wilfred Brown, 9, Blenheim Road, NW8.

GENERAL

UK: Parliament debates shortened Finance Bill, replacing Budget.

Stock Exchange Council divides whether Tolson, the computerised settlement system, should start on Monday (April 9).

Lloyds Register of Shipping publishes annual report.

Overseas: EEC Foreign Ministers meeting in Luxembourg, discuss relations with Yugoslavia, Turkey and Greece.

Herr Helmut Schmidt, West German Chancellor, leaves for South American tour.

Municipal elections in Spain.

Today's Events

OFFICIAL STATISTICS: UK official reserves for March. Capital issues and redemptions during March.

PARLIAMENTARY BUSINESS: House of Commons: Proceedings on the Finance Bill and on the Consolidated Fund (Appropriation) Bill. Completion of the remaining stages of the Weights and Measures Bill, the Leasehold Reform Bill and Carriage by Air and Road Bill (Lords).

House of Lords: Arbitration Bill, consideration of Commons amendments. Land Registration (Scotland) Bill, consideration of Commons amendments. Credit Union Bill, remaining stages. Independent Board of Banking Authority Bill, remaining stages. Crown Agents Bill, second reading. Consents to Prosecutions Bill, second reading. Pneumonia (Workers' Compensation) Bill, second reading. Merchant Shipping Bill, second reading. Representation of the People Bill, all stages.

COMPANY RESULTS

Final dividends: American Trust Co., Bank of Scotland; Birk and Edington; A. F. Bulgin and Co.; Cape Industries; Harrison and Sons; Savoy Hotel. Interim dividends: Burnside Investments; James Halstead (Holdings); Highland Electronics; Crown R. Martin and Co.

COMPANY MEETINGS: Beaumont Properties, Winchester House, 100, Old Broad Street, EC 2.30. Gridways Hold-ings, 23, Whitechurch Street, EC, 11.20. Marchwell, Grosvenor Hotel, Chester, 11. Pentland Investment Trust, 3, Albany Place, Edinburgh, 12.



The Palomino grape. The very beginning of a classic sherry.

No wine can call itself a sherry unless it starts life on the gently sloping hills around Jerez de la Frontera in Spain.

Here, throughout the long hot summers, the white Palomino grapes slowly ripen. Come September, they are gathered by hand and taken in for pressing.

The juice—called mosto—is allowed to ferment naturally in wineries at the vineyards.

Some of these mostos will develop flor—a yeast on the surface of the young wine.

Why this should happen to some wines and not others



remains a mystery. But it is the presence of flor that determines which wines will develop the characteristics of finos and amontillados.

The classic fino is pale in colour and dry to taste with a delicate bouquet. Luncheon Dry is just such a fino. Serve it chilled to appreciate fully its true character.

The classic amontillado is allowed to mature for longer in the cask, taking on a richer colour and a subtle nutty flavour.

Such is the character of Club Amontillado.

Luncheon Dry & Club Amontillado. Two classic styles of sherry from Harveys of Bristol.

Reckitt tops £61m but troubled by exports

After the rise from £28.3m to £61m in the first half, pre-tax profits of Reckitt and Colman finished 1978 ahead from £7.9m to £61.3m on sales of £306.6m compared with £257.7m.

Earnings per share are shown at 55.67p against 53.42p, and the final dividend is 6.65317p making a total of 62.33017p—the 1977 total of 60.705p included a second interim of 5.95475p and third interim payment of 0.60225p.

It is also proposed that with effect from July 27, the 50p ordinary and unclassified shares be subdivided in shares of 25p each.

Mr. James Cleminson, the chairman, says that, excluding Latin America, profit before tax would have been £64.2m, if it had been translated at the average rates of exchange effective in 1977. This would have represented an increase of 10.9 per cent over 1977.

In the light of this, the actual improvement in pre-tax profit represents solid achievement since so many of the major areas in which Reckitt trades have their currencies related in substantial way to the U.S. dollar.

It is encouraging that with the exception of North America and of exports from the UK, the group's businesses around the world have turned in very good sales and profit figures in local currency terms.

During 1978 the group continued its development policy. Capital expenditure amounted to £23.87m, of which £13.35m was spent in the UK. In addition an active research and development programme was maintained.

North American results were disappointing, due in part to a large potato surplus in the U.S. and a consequent inability to obtain satisfactory margins in the group's commercial dehydrated potato business. Certain heavy reorganisational costs were also incurred.

Offsetting this, the group's food business through the retail trade was good with improved market share being achieved in main product areas. In the leisure field, Sunset Designs and Winsor and Newton made substantial progress.

Exports from the UK had a particularly difficult year due to the relationship of sterling to other trading currencies during 1978 and to the problems of obtaining import licences and exchange.

The chairman says the UK export problems are likely to remain and have been increased by the troubles in Iran.



Mr. James Cleminson, chairman of Reckitt and Colman, photographed with some of the company's products

	1978	1977
	£m	£m
UK sales	188.79	182.99
Europe	105.49	81.90
North America	128.82	128.98
Australia and Asia	37.84	41.58
Latin America	52.07	51.14
Total sales	456.82	466.68
Trading profit	98.07	82.47
Interest payable less other income	4.77	4.58
UK profit	16.48	14.82
Exports	1.81	5.03
UK domestic	14.67	9.79
Europe	3.70	7.27
North America	7.24	10.30
Australia and Asia	15.32	14.37
Africa	9.24	10.37
Latin America	19.03	7.47
Interest and expenses	1.50	1.88
Profit before tax	61.30	57.91
Tax	23.48	21.82
Net profit	37.82	36.09
To minorities	3.59	3.19
Leaving	34.23	32.90
Prof. dividends	0.15	0.16
Ordinary dividends	34.12	32.74
Attributable	4.08	5.40
Extraordinary items	1.70	6.56
and profit before tax	1.26	20.78
To reserves	21.09	20.78

* including £4.98m in India, now an associate, † including sales of £1.7m for subsidiary in Chile.

On the other hand, the transport-drivers' strike in the UK and the strike, which has now been settled, in the group's main

should be regarded as only temporary setbacks. The directors remain wholly confident in the group's long-term growth.

The percentage contributions to sale and profit by the group's various products were: Food and wine, 40.1 (41.6) and 25 (27.3); household and toiletry, 35.2 (34.7) and 52.8 (47.6); pharmaceutical, 9.9 (9.8) and 13.4 (15.3); industrial, including pigments, 9.5 (9.3) and 7.4 (8.7) and leisure 53 (4.8) and 14 (0.6).

See Lex

ANGLIA TV

Anglia Television Group proposes a one-for-two scrip issue in "A" non-voting shares to all existing classes. The issue which involves a capital increase from £2.2m to £3.3m applies to shareholders registered on March 30, 1979.

There was an increase in working capital of £28,000 (£398,000) in the year to October 31, 1978. The number of employees earning over £10,000 per annum rose from seven to 26.

Meeting, Norwich, April 25 at 2.30 pm.

Erith up by nearly 50%

FOLLOWING the midway rise from £33,000 to £509,000, taxable profits of Erith and Company, builders' merchant, were up nearly 50 per cent to a record £1,167,569 for 1978, compared with £782,424 previously. Turnover advanced by £3.31m to £25.1m.

The directors say this arose from the company's ability to take advantage of the upsurge in demand for building materials, notably from the improvement and maintenance sectors of the industry.

Increased demand continued through to the year-end and they are hopeful that this will continue through 1979.

From higher stated earnings of 11.56p (8.14p) per 25p share, the net dividend total is lifted from 5.5p to the maximum permitted 6.0833p, with a final of 4.06753p.

A professional revaluation of the company's properties has disclosed a surplus over book value of £1,266,182.

	1978	1977
Turnover	25,102,635	21,786,079
Trading profit	1,167,569	1,074,165
Depreciation	200,044	128,483
Bank interest	64,250	72,144
Pen. fund credits	109,700	103,341
Int. divs. received	11,666	12,227
Profit before tax	1,167,569	782,424
Tax	578,974	404,599
Net profit	588,595	377,825
Extraord. credit	1,140	377,825
Available	589,735	377,825
Dividends	285,338	255,143
Retained	304,397	122,682

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

TODAY	FUTURE DATES
Interim—Burdens Investments, James Hargreaves, R. P. Martin, Finlay—American Trust, Bank of Scotland, Black and Edgington, A. F. Bulgin, Cape Industries, Harrison and Sons, Law Land, Savoy Hotel.	
Interim—Charthouse Group	Apr. 18
Martonsir	Apr. 18
Ransome Holtman Pelland	May 22
United	May 4
W. Ribbons	Apr. 9
Wade Potteries	Apr. 23
Final—Aberthaw and Bristol Channel, Beaulieu, Bantyre Tea, Doris, Doris, Finlay (John), London Properties, Hawden Stuart, London and Provincial Poster, cant. and Communist, Roadstead Investment Trust, Senior Engineering, Fine Woolen, Salinas	Apr. 10, Apr. 12, Apr. 4, Apr. 9, Apr. 11, Apr. 12, Apr. 11, Apr. 10, Apr. 10, Apr. 10, Apr. 10, Apr. 10, Apr. 10, Apr. 9

T. Jourdan slumps to £236,341

A SECOND-HALF SLUMP from £277,227 to £236,341 left taxable profits of Thomas Jourdan, investment holding company, more than halved from £500,227 to £236,341 for 1978. Turnover was unchanged at £4.62m against £4.63m.

Mr. Archie McNair, chairman, says, however, that the balance of prospects is in favour of an upward trend, particularly in the second half of 1979.

Subsidiary, John Corby continued to make progress, he says, with sales up by nearly 20 per cent. And profits from royalties increased by 26.6 per cent to £287,125.

Earnings are shown as 5.02p (8.94p) per 10p share and the dividend is stepped up to 3.2248p (2.8875p) net with a final of 2.318p; the directors say the favourable prospects have enabled them to pay the maximum dividend possible.

The available amount emerged at £190,623 (£321,935) after the year's tax charge £34,669 (£41,117) and an extraordinary debit of £1,049 compared with £37,172 last time.

Dividends absorb £126,244 (£113,928).

Tioxide profit downturn

The Tioxide Group, owned equally by ICI and Lead Industries, reports pre-tax profits down from £10.74m to £4.81m in 1978 on turnover of £144.3m against £143.06m previously.

Earnings per share are shown to have fallen from 39p to 6.7p.

After tax of £2.83m against £2.04m and minorities, the attributable profit is cut from £9.77m to £2.08m. SSAP 15 has been adopted and comparisons are adjusted.

A final dividend of 4p on increased capital compares with a total of 14.5p in 1977.

The group, formerly British Titan, produces and sells titanium oxides and other titanium compounds.

GLASS GLOVER

Following discussions with the Inland Revenue and subsequent permission obtained from the Treasury, the directors of Glass Glover Group are declaring a special dividend of 0.1p per 5p share in respect of the year ended September 30, 1978.

The Treasury has also agreed that the group may add £5,672 plus 10 per cent in respect of the

THARSIS

THE THARSIS SULPHUR & COPPER CO LTD

ANNOUNCEMENT OF ANNUAL RESULTS

	1978	1977
	£	£
Turnover	10,391,357	9,904,994
Profit before Taxation and Exceptional Item	1,349,846	707,893
Less Taxation (relieved on Exceptional Item)	410,889	17,341
Profit after Taxation but before Exceptional Item	938,957	690,552
Exceptional Item (less Relieved Taxation)	1,746,951	—
Loss after Taxation	807,994	—

	Tonnes	Tonnes
Pyrites Sales Tonnage	1,115,507	1,050,860

The Profit before Tax is after taking into account the following

	£	£
Depreciation	425,304	406,111
Profit on Development of Non-Industrial Land	97,881	153,338
The Reserves of the Company at 31st December were:—	4,348,203	5,155,597

The exceptional item arose out of a provision made at 31st December 1977 for the estimated sum payable as compensation for the early retirement of some 220 employees. It was then anticipated that the related taxation relief would be obtained over a period of years and it was proposed that the sum would be charged to profits as tax relief was obtained.

The total sum payable has now been determined by the Spanish Authorities and it has been agreed that taxation relief will be obtained against the profits for the year ended 31.12.78. The sum has therefore been charged against the profits of that year.

In view of the net loss for the year the directors do not propose to recommend any dividend in respect of the year 1978.

The Spanish Administration has now granted tax exemption in respect of the transfer of the mining and industrial assets of Tharsis to its wholly owned Spanish subsidiary, now called Compania Espanola de Minas de Tharsis S.A. ("Minas de Tharsis"). This transfer is part of the arrangements for the reconstruction of the Company required to comply with the Spanish mining law.

The way is therefore now clear to proceed with the formalities required to complete the transfer of assets to Minas de Tharsis but before doing so it is proposed to seek the approval of shareholders at the Annual General Meeting of the Company to be held on 23rd May 1979 and an appropriate resolution together with further details will be included in the Annual Report.

The Spanish Ministry of Industry has granted an extension of a further year for final compliance by the Company with the requirements of the Spanish mining law. A Scheme of Arrangements under section 206 of the Companies Act 1948 will be required to permit the transfer of the share in Minas de Tharsis to the Tharsis shareholders, which is the final stage of the reconstruction arrangements. The relative scheme document giving full details of the effect of the proposal will be sent to shareholders and it is envisaged that this will be done in or about September 1979 with a view to the scheme becoming effective by the end of the year.

The Bank of England have indicated that under present regulations the shares in Minas de Tharsis received by U.K. residents would not be premium worthy on sale and would have to be held in restricted deposit by an authorised depository. The residents concerned would not have to effect a compensatory transaction in the investment currency market on receipt of the foreign currency securities.

Mr. Frederic Veige has been appointed Chairman of the Board in succession to the late Mr. James C. Robertson.

The Annual General Meeting of the Company will be held in Paris on 22nd May 1979, 30th March, 1979.

For advertising details please ring 01-248 8000 Extn. 7008

LOCAL AUTHORITY BONDS

Every Saturday the Financial Times publishes a table giving details of Local Authority Bonds on offer to the public.

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Provincial—"greater stability of investment, higher rewards to investors."



Extracts from the Chairman, Dennis Howroyd's statement to Provincial Building Society's Annual General Meeting.

The market for Building Society services.

LADIES AND GENTLEMEN, in presenting details of the Society's performance to members each year it is normally considered sufficient to confirm, by a demonstration of financial achievement, that we are fulfilling our obligations to investors and borrowers alike. In considering the statistics which are a large and reassuring part of these meetings, I would ask you on this occasion, not to overlook the importance of the role which your Society plays within its industry.

In a review of the Society's achievements during 1978 I must therefore comment on the lead which Provincial has given in highlighting the problem of the increasing instability of investors' funds, which together with rising house prices

might ultimately inhibit the progress which societies can make in responding to the unsatisfied demand for owner-occupation.

To sustain an acceptable increase in owner-occupation it is essential to maintain the rate of growth in investors' balances ahead of the rate of inflation in house prices. It is Provincial's view that this cannot be achieved if societies continue to rely upon money which is withdrawable on demand or short notice.

The ratio of withdrawals to receipts has risen steadily over the past 30 years and the actual sum required to meet withdrawals in 1978 was more than seven times greater than that needed in 1970. When this trend is projected forward alongside the rate of inflation in house prices it is obvious that we must take action if we are to avoid the problems of creating an emasculated housing finance industry.

I think it is now accepted that Building Societies, on their own, cannot control house price inflation to any great extent by limiting the supply of mortgage finance. The relationship between rising house prices and rising incomes is the determining factor and this is beyond our sphere of influence.

I do however believe that we can reverse the trend of rising withdrawals and indeed, we have already reduced our

ratio of withdrawals to well below the level of other societies. We have achieved this greater stability of investment by marketing products which offer higher rewards to private investors who are prepared to leave their money with us for longer periods.

We must retain, as a matter of priority, the strength of our appeal to those investors who put up the bulk of the house purchase finance and whilst this is likely to become more and more difficult in an increasingly competitive financial market, I remain optimistic.

In attracting the longer term funds of the larger private investor we are increasingly in competition with the Government and with Insurance Companies who, by virtue of their favourable tax treatment, can secure funds by offering tax exemption in addition to a competitive return. As more and more investors become subject to higher rates of tax and Investment Income Surcharge, this is becoming a matter of some concern to Building Societies. It may seem somewhat ironic that the Banks should have expressed their desire for fiscal parity with us when much greater advantages are enjoyed elsewhere.

Copies of the statement are available on request from the Secretary at the address below

Provincial Building Society summary results 1978.

Mortgages

- Total advances increased from £216m in 1977 to £292m in 1978.
- The number of advances, including further advances, rose from 29,000 in 1977 to 37,000 in 1978 with 10,100 loans to first time purchasers.
- £45m was provided for purchasers of newly built houses.
- £21m was provided for improvements to the homes of existing borrowers.

Investments

- Investment receipts, including interest credited totalled £526m.
- Investment withdrawals were £380m.
- The number of investment accounts increased by 82,500 to 736,197 with balances of £1,164m.

Assets, Reserves and Liquidity

- Total assets increased by 13.8% to £1,236m.
- Liquid funds decreased from 24% of assets at the end of 1977 to 18% of assets at the end of 1978.
- Reserves increased by over £7m to £50m (4.1% of assets).

Branch Offices

- 14 new offices were opened in 1978.
- The total number of offices increased to 186.

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BIDS AND DEALS

MINING NEWS

Metalrax buys Progress bakeware business

BY TERRY OGG

Metalrax (Holdings), a diversified Birmingham-based engineering group, has acquired the Progress label bakeware business plus an agriculture and garden equipment factoring operation through a £1.6m cash purchase of the privately owned George Wilkinson (Bursley).

Announcing the deal yesterday, Mr. John Wardle, Metalrax's chairman, said that a move into branded consumer durables had been planned for some time. This will also expand Metalrax's existing operations in North West England and "broaden the base of group activities," he said. The acquisition was completed on Friday and the announcement coincided with the release of Metalrax's annual report.

Despite the obvious difficulties of the first three months I will be disappointed if the results for the first half of the current year do not show a further improvement over the record results achieved in the first half of 1978," says Mr. Wardle in his annual statement. Wilkinson's directors have guaranteed profits, before tax and directors' emoluments, of £425,000 for the year to March 31. This will add significantly to Metalrax's 1979 figures. Net assets of George Wilkinson were £575,000 a year ago and there was a deferred tax provision of £350,000. These two figures plus the anticipated profit roughly equals the price paid by Metalrax for the company.

Since then there has been some cash inflow from the first three months' activities leaving about £40,000 to come from an increase in overdraft facilities. Medium and longer term loans at the end of December totalled £356,000. Mr. Wardle said that Metalrax's pre-tax profit of £2.1m represented a record return of 46.5 per cent on net assets employed and that shareholders funds in the group increased from £3.33m to £4.54m. "Property values are likely to be considerably undervalued in the accounts, as the last valuation was undertaken in 1964," he said.

Armstrong Equip. makes £2.6m purchase

Armstrong Equipment, the automotive products and industrial fastenings group, is paying £2.6m for Howard Tenens Engineering (Willenhall), part of Howard Tenens Services. Financing arrangements have not yet been finalised by Mr. Harry Hooper, chairman of Armstrong, indicated last night that the company would probably use a mixture of shares and cash. Willenhall, which made estimated losses of £800,000 before tax and exceptional items in the ten months to January 27, is only the latest in a long line of Armstrong acquisitions.

Last year the group took over four new companies—Gandi Frictions, formerly a BTR subsidiary, Hillcrest Engineering, Concorcraft, and most recently Anglo-Swiss Holdings—for a total consideration of £4m to £4.1m. Another small acquisition is expected to be announced shortly. Willenhall, which at January 27 had net assets of around £3.4m, makes replacement body parts for vehicles and cabs for commercial vehicles and agricultural tractors. Armstrong believes it will initially bring in about £11m worth of sales and "will add significantly to the group's press work and assembly capability."

Mr. Hooper said that, although payment is not due until July 3, a substantial contingency reserve had already been pumped into Willenhall to cover possible redundancy and other costs. Last month Armstrong Equipment announced interim profits only slightly better at £427m (£4.03m) on sales of £43.9m (£38.4m).

PENTOS INCREASES STAKE IN ELLIOTT PETERBOROUGH

Pentos, the group with interests ranging from garden and leisure products to construction, has increased its recently-acquired stake in Elliott Group of Peterborough, the systems building specialist and contractor, from 8.34 per cent to 10.35 per cent. Pentos has been buying shares in the group since last November, and it now holds 1,265,000. Most of its earlier 8.34 per cent stake had been purchased at 20p or less. Elliott's shares yesterday stood at 26p.

NO PROBE

The proposed merger between Inland Financial Company and Cannon Assurance is not to be referred to the Monopolies Commission.

Largs builds up Bright shares

WITHIN two months of mounting a £880,000 agreed cash bid for Ash Splanning, John Bright, the yarn and fabric manufacturer, is itself the target of a bid from a private Isle of Man company.

In an announcement yesterday, the private group, Largs, stated that it had built up a stake of 36.4 per cent, which automatically triggers a bid under the City Code. In addition, associates of Largs hold a further 2.7 per cent in Bright. Largs' market purchases over the past 12 months have not topped 85p a share.

That level values Bright at £4m, but yesterday, after a 1p fall, Bright's market capitalisation was £4.6m. Bright's board has been in contact with its advisers, Kleinwort Benson, but no announcement has yet been made. Contacts between Largs and Bright seem so far limited to the courtesy of declaring the stake.

FISONS

Fisons has now agreed basic terms for its planned two-phase acquisition of the AAgriprod Group of Akzo Pharms. For a consideration of £7.5m, it will takeover, in the next few weeks, the AAgriprod sales and distribution network in the Benelux countries and Germany, plus the field trials farm and facilities at Haren, Holland.

The production unit at Groningen (Holland) will be transferred to Fisons at a later date. The transfer will depend on the granting of a new operating licence and the execution by Akzo Pharma of the possible related investments and improvements at the present location at the Groningen site. Until then Akzo Pharma will be manufacturing the AAgriprod products for Fisons.

Marley sells Gomme stake

Building materials group Marley has disposed of its 29.7 per cent stake in Gomme Holdings, the G-plan furniture manufacturer. The stake of 3,880,440 shares has been placed with a number of institutions. The holding was disposed of last Thursday rose 1p to 75p. Yesterday they were down 2p to 69p.

SNW INVESTMENT

Following the reverse takeover of Brengreen (Holdings) by Empress Services (Holdings), SNW Investment now holds 60,000 shares, or 5.6 per cent of the equity. SNW formerly owned 10 per cent of Empress.

Agnico-Eagle succeeds after hard years

BY KENNETH MARSTON, MINING EDITOR

THE NEWS reported here yesterday that Canada's Agnico-Eagle Mines has declared a first dividend of U.S. 10 cents (4.8p) following a 1978 net income of C\$2.5m (£1.1m) represents a triumph for the chairman, Mr. Paul Penna.

His unwavering faith in gold and the Jostel township gold property in Quebec that he acquired in 1966 has been put to severe tests during the intervening years of struggle. In January 1970, shortly before the mine was due to reach the production stage, rising construction costs and falling gold prices brought an abrupt halt to operations. They remained on ice for two years. Penna, who had spent some C\$8.5m in debt and the C\$1 shares sank to below par after having been up to C\$8.40 in the previous year. But Penna bled his time and in 1972 he merged Agnico Mines, which produces silver at Ontario's famous Cobalt camp, with Eagle Gold Mines to form the present Agnico-Eagle.

QUEBEC TO AID EXPLORATION

Some measures to encourage the search for minerals are contained in the Quebec budget. Exploration and development expenses incurred after March 27, 1979, on the site of an underground mine, and after it has been brought into production, will be eligible for the allowance of C\$1 for every C\$3 invested in exploration or development.

The provision will not apply to mines from which the principal products are iron or titanium ore or asbestos. The allowance was previously restricted to on-site exploration and development spending.

STRIKE THREAT ON S.A. MINES

In spite of their defeat in a wildcat strike two weeks ago, South Africa's white Mineworkers' Union leaders are threatening to call an official strike if their members' benefits are not reinstated, reports Quintin Peel from Johannesburg. The Executive Council of the union, representing some 10,000 in South Africa's major mines, has declared a dispute with the Chamber of Mines over the issue. A Conciliation Board must now be set up by the Government.

SHORT LIFE FOR KERR ADDISON

The Kerr Addison gold mine at Virgintown in Ontario is likely to be mined out within two years. In the annual report, the Kerr Addison directors noted that the current high level of gold prices is unlikely to add significantly to the life of the mine.

The mineable reserves at Virgintown are estimated at 323,037 short tons, grading 0.37 ounces gold per ton. Kerr Addison is part of the Noranda group, another of whose units, Pamour Porcupine Mines, also has a limited life gold property.

After a record 1978, when Pamour's net profits reached C\$ 5.2m (£2.16m), ore reserves were down to 2.5m tons, enough for 15 months of production. But Mr. Donald Schmitt, the president, says that accelerated exploration and development programmes could transfer some 4m tons of probable and possible ore to proven reserves within the next two years. By contrast, Campbell Red Lake Mines, the Ontario gold producer in the Dome group, is to spend C\$ 10.4m on a 30 per cent expansion. There is an advantage in expansion by the percentage; the increased portion becomes regarded as a new mine for provincial tax purposes. The expansion will be completed by 1982 and will permit mining of lower grade ore. The finance will be internally generated.

ROUND-UP

Because of its oil exploration interests Australia's Western Queen is to change its name to Monarch Petroleum. The company also announces the acquisition of four Kimberley sites in South Australia in a region being examined for diamonds by Broken Hill Proprietary and De Beers.

Brighter outlook for S. African tin mines

HIGH LONDON Metal Exchange tin prices are having a significant impact on the South African tin producers Rooiberg and Union Tin, both managed by Gold Fields of South Africa, reports Jim Jones from Johannesburg. Union Tin, which had expected to cease underground operations this year, has been enabled to increase its underground exploration effort and has discovered several new leads.

Provided that tin prices are maintained, the chairman, Mr. M. B. Forsyth, expects that underground operations can now continue for a further three years and that the 1979 production of tin concentrates will not differ from last year's 261.5 tonnes (1977: 230.5 tonnes). However, this can only be achieved with relatively heavy capital expenditure of R450,000 (£75,000) this year.

Rooiberg, which produced 82.1 tonnes of tin concentrates in 1978 (1977: 81.5 tonnes), is in a stronger position. It has expanded capital expenditure of R5m, for the current year of which R1.5m is for the construction of a tin smelter capable of treating its high-grade concentrates and perhaps those from Union. Commissioning is scheduled for this year's final quarter.

At the same time Rooiberg is opening further ore at depth at each of its three operating mines, with reserves sufficient to maintain production until the turn of the century. The developments at Rooiberg mean that South Africa should be virtually self-sufficient in metallic tin by the year-end as well as having metal and concentrates for export. Management is cautious on

likely tin price trends and is basing projections on average prices some 15 per cent lower in rand terms than last year's R9.627 per tonne. Excess so, following the 1978 pre-tax profit of R1.4m (1977: R9.9m), there is little fear that the 220 cents per share dividend will be cut this year. It puts the shares on an 11.8 per cent yield in Johannesburg at the current price of 1,860 cents.

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Stone-Platt Industries 1978 results

Stone-Platt is an international engineering company with worldwide sales of £193m and which employs 13,000 people. The company aims to be a world leader in each of its main products — spinning and texturing machinery, train lighting and air conditioning, marine propellers and specialised pumps.

	From the 1978 report 1978	1977
Sales	£192.8m	£176.0m
Profit before tax	£9.5m	£14.8m
Earnings per share	16.9p	21.3p
Dividend per share	4.06p	3.61p
Return on sales	6.5%	10.0%
Return on capital employed	14.2%	20.9%

1978 was a disappointing year for the company. The problems arose mainly in the Platt Saco Lowell textile machinery division due to:

- some export contracts not being shipped by the year end
- pressure on margins due to depressed trading conditions and the fall in the value of the US dollar
- continuing production problems in the US plant.

The company's unexecuted order book was increased by 34% during the last year, and there are now some signs of an upward trend in demand.

The dividend has been increased by the maximum permitted and has increased every year since 1969.

Stone-Platt Industries
10 Grafton Street, London W1

LMI extends Caledonian offer for seven days

BY ARNOLD KRANSORFF
London and Midland Industrial has not received sufficient acceptance to make its increased offer for Caledonian Holdings conditional, and has decided to extend the offer for a further seven days to April 6.

When the offer closed on Friday, acceptances had been received in respect of 1,416,000 ordinary shares. Taking into account the shares already owned, LMI now controls 43.6 per cent of the ordinary shares of Caledonian. A spokesman for LMI said yesterday that he thought Caledonian shareholders were being unduly cautious what with the Comet Radiovision Services' offer still on the table. "Also, in view of the mail problems we thought we ought to extend," he added. Caledonian's stake in Comet's share amounting to just under 30 per cent. Comet's offer closed on April 11.

MONTEITH

Monteith (Holdings) has purchased the Baird Lindsay group of plumbers' and builders' merchants for cash.

HAT forecasts profit of not less than £2.6m

SPECIALIST construction subcontractor HAT Group said yesterday that taxable profits for its financial year just ended—February 28, 1979—"will be not less than £2.6m. This compares with £2.1m in the previous financial year. The details are revealed in HAT's offer document outlining its share and cash deal for Glass and Metal, the glass merchant and mirror makers. The estimate is based on the unaudited management accounts for the ten months ended December 31, 1978, and on estimates, including for some divisions January 1979 management accounts, for the two months to February 28, 1979. HAT is planning to pay a final dividend for the year just ended of 0.847p per share, making 1.6p.

It is offering two of its shares plus 7p in cash for each Glass and Metal share. There is an all-cash alternative worth 142p a share. The directors of Glass and Metal together with its main shareholder, British and Commonwealth Shipping—controlling between them a near 34 per cent stake—have already accepted HAT's terms.

J. ADAMSON

Joseph Adamson (Hyde) an unlisted public company has been notified by Anthony Dobson (a subsidiary of Nicol Industrial Holdings) that it intends to make an offer of 30p for each 25p ordinary share in the company. In order to protect its position while an investigation takes place, Anthony Dobson has asked the directors and certain major shareholders to grant options over their shares at 30p for a period expiring on April 23, 1979, and this they have agreed. Adamson has appointed County Bank as financial advisers. If and when a formal offer is received the board will make available its own views and those of County Bank.

EAGLE STAR

Shareholders in Eagle Star Insurance Company have given their approval to the scheme of arrangement under which they exchange their holdings for an equal number of corresponding shares in the proposed new holding company Eagle Star Holdings.

RECEIVERS SELL McNEILL OFFSHOOT

McNeill Offshoot, the Belfast-based construction company, have sold Smyth Mills, one of the group's companies. The subsidiary is one of the largest structural steel fabricators in Ireland and had a workforce of 141 people. The joint receivers, Mr. William Fitch and Mr. William Wilson, said yesterday that the company and physical assets have been sold to Smyth Mills (Ireland), a new company formed to continue the existing business. It is associated with Michaelides Construction, an international contractor. As a result of the sale 122 jobs are being maintained.

BACC

Hawker Siddeley and British Aluminium announce that the acquisition by British Aluminium of High Duty Alloys Extrusions has been completed. British Aluminium intends to continue to operate High Duty as presently constituted under its existing name and use British Aluminium's resources as a major aluminium company to develop the business further.

BEARER OPTION WARRANTS TO subscribe for fully paid Ordinary shares of TRUST HOUSES FORTE LIMITED offered in March, 1970 with TRUST HOUSES GROUP FINANCE N.V. \$18,000,000 7¼ per cent. Loan 1985

Adjustment of Subscription Price
Trust Houses Forte Limited announce that following the passing of the necessary Ordinary Resolutions on Monday, 2nd April, 1979 a capitalisation issue of Ordinary shares and Trust shares is being made on the basis of one new share for every share held. Holders of Option Warrants, offered with the above loan of Trust Houses Group Finance N.V., are not entitled to participate in the capitalisation issue. However, the price at which each Option Warrant entitles the holder to subscribe for Ordinary shares of Trust Houses Forte Limited has as a result been adjusted in accordance with the formula contained in the Option Agreement dated 2nd April, 1970. Each Option Warrant now entitles the holder, with effect from 9th March, 1979 and at any time not later than 31st March, 1981, to subscribe £50 in cash at 85p per share (the previous subscription price being 171p per share) for the said Ordinary shares.

Change of Name

Trust Houses Forte Limited also announce that following the passing of the necessary Special Resolution on Monday, 2nd April, 1979 and subject to the consent of the Department of Trade, the name of the company will be changed to "TRUSTHOUSE FORTE LIMITED". The existing Option Warrants will not be changed in any way.

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RANSOMES 1978 Results

Pre-tax profit up 14% to £2,572,000
Sales up 11% to £34,405,000
Maximum permitted increase in dividend

RANSOMES SIMS & JEFFERIES LIMITED
Grass Machinery - Farm Machinery - Electric Trucks

Chairman, G. W. Bone refers to good sales prospects, 'though we are not yet clear of setbacks caused by lorry drivers' strike and hours lost due bad weather... concern continues about effects of cost inflation. Against this background it is extremely difficult to forecast the eventual outcome for the year. However, we are projecting an improvement in 1979 and at this stage I see no definite reason why this cannot be achieved.'



Metalrax (Holdings) Limited

An integrated network of engineering companies in England and Wales

Further record results

	1978	1977
Turnover	£7,000	£7,000
Profit before taxation	17,038	11,042
Profit after taxation	2,108	1,466
	1,202	863

The £2,108m profit before taxation was again a very substantial increase over last year's record figure and shows a return of 46.5% on net assets employed.

Dividends
Under current rulings the Treasury has consented to a recommendation for a final dividend which makes the total for the year almost 30% up on last time.

Shareholders' funds
Shareholders' funds have increased from £3,332m to £4,535m. The book values of our fixed assets are probably rather conservative, as the only valuation of properties was carried out in 1964.

Script issue
A script issue of one ordinary share for every ten held is being recommended.

Growth policy
To enable the uninterrupted growth of the company to continue, a policy of sensible acquisitions must go hand in hand with continuing efforts to improve efficiency and performance of existing companies.

Trading prospects
Despite the difficulties of the first three months of this year the results for the first half of the current year should show a further improvement over the record results achieved in the first half of the year under review.

Copy of the report and accounts from:
The Secretary Metalrax (Holdings) Limited
Ardsley Road Kings Norton Birmingham B38 9PN
Telephone: 021-458 6671

The Scottish Metropolitan Property Company Limited

Interim Statement

	Half year to 15.2.79 (unaudited)	Half year to 15.2.78 (unaudited)
Issued Share Capital	£5,564,082	£5,967,348
Net Revenue from Properties	1,688,969	1,384,247
Other Income	113,088	108,851
Group Profit before Taxation	809,042	538,995
Available for Dividend	463,548	312,335
Dividend—Interim	295,384	268,531
Carried to Reserves	168,164	43,804

The Directors have declared an Interim dividend of 0.9p per share (1978 — 0.82p per share equivalent) on an Issued Share Capital of £5,564,082 (1978 — £5,967,348) and are confident that profits for the year ending 15th August, 1979 will materially exceed those of the previous year.

Companies and Markets

UK COMPANY NEWS

Freemans up to £16.8m: sees further advance

ON TURNOVER well ahead at £200.23m, compared with £166.47m, pre-tax profits of Freemans (London: SW9) rose 28.2 per cent from £19.06m to £24.73m in the year to January 27, 1979. At halfway, when profits were up from £5.52m to £7.21m, the directors of this mail order concern said full-year results should be satisfactory.

They are now optimistic of a further advance in the current year, although they say the first weeks have been far from easy. The number of active agents at the year-end was 475,000 (437,000) and recruitment is continuing successfully and to plan, they add, while the new catalogue is larger than before and other improvements continue to be made.

The combination of the drivers' dispute and the bad weather, say the directors, brought delays to the issue of catalogues and the receipt of orders and goods. Restrictions on importation, coupled with shortages in much of the textile industry, are affecting normal customer service.

This has been the position since the consumer spending upturn last summer, they add, and owes much to that fact. Its impact can be expected to lessen as industry responds and the increase in spending starts to fall off, they conclude.

Pre-tax profits were struck

arter lower interest of £502,000 (£694,000). After tax for the year of £8.86m (£8.75m), earnings per 25p share are 11.4p, compared with an adjusted 9.1p. The net total dividend is effectively raised from 1.9810p to a maximum permitted 2.5605p, with a final of 1.5195p. See Lex

Charles Hurst pays 5.96p

Including £260,993 from the sale of property and redemption of debentures, pre-tax profits of Charles Hurst amounted to £901,495 in 1978 compared with £962,845 previously. Turnover was unchanged at £45.4m. After tax of £413,778 (£504,278) earnings per 25p share are shown at 13.26p against 16.57p.

The final dividend is maintained at 3.3p, making 5.96p (same). The Belfast-based group sells and repairs cars and commercial vehicles.

Record new business for Trident Life

Record new business figures for the year to March 31, 1979, are reported by Trident Life Assurance Company, the linked life company member of the Schlesinger Group. Regular premium business rose by more

than 50 per cent to £3.5m, while single premiums advanced by 11 per cent on the year to £14m.

The company's revamped savings plan, personal wealth, launched during the year proved a best seller, while both the maximum investment plans and the self-employed pension contracts were in good demand. In single premiums, the best sales over the first six months were property, American and gilt funds, but over the year property and gilts were the leaders.

Mr. Alan Roberts, general manager of Trident Life, said that the company had now come of age as a linked-life operation. It had a wide range of plans and funds, it lead the industry in policyholder communication and during the past two years had completed its product range with the launch of the self-employed and executive pension plans. He expected both pensions markets to continue strong and for Trident Life to take an increasing share of new business.

The company markets both through its own direct sales staff and through insurance brokers and financial planners.

H. BRAMMER

H. Brammer announces that acceptances have been received for 2,937,080 ordinary shares representing some 95 per cent of the 3,122,991 offered by way of rights.

The shares not taken up have been sold and the net premium over the offer price, (about 39.2p), will be distributed to shareholders entitled thereto.

Macfarlane more than doubled

ON TURNOVER up £4m to £13.3m, pre-tax profits of Macfarlane Group (Clausman) jumped from £70,858 to a record £1,207,118 for 1978, with £527,000 against £304,000 coming in the first six months.

The group has had a promising start to 1979, with sales and profits in the first quarter up on the same period last year.

It has a strong order book in most companies and the directors say the outlook for the rest of the year is encouraging.

The group's principal activities are the manufacture and distribution of packaging, plastics and metallising, specialist printing and office supplies.

A final dividend of 2.188p raises the total net payment from 3.84p to the maximum permitted 4.289p per 25p share, from stated earnings of 10.81p (8.8p). A one-for-four scrip issue is also proposed.

Tax took £510,301 (£159,300), leaving net profits ahead from £411,558 to £696,813.

Six months advance by Town Centre

For the six months to December 31, 1978, profits of Town Centre Securities, property, investment and development concern, advanced from £301,442 to £371,280, subject to tax of £193,000, against £135,000.

In the previous full year, the company achieved pre-tax profits of £500,000 and paid a net dividend of 0.608173p, adjusted for a one-for-two scrip issue.

The directors report that the company has completed the purchase of T. Herbert Knox Estates and Andrews Picture Houses. These own prime location shop properties in the centre of Huddersfield.

While they say there will initially be a shortfall, substantial rent reversions are anticipated over the next few years.

Brycourt payout

Brycourt Investments, the investment trust group with property interests, which went into voluntary liquidation last October, has made a payout to shareholders.

Mr. M. C. Bird, the liquidator, has paid shareholders 5p per share. Together with the first capital distribution of 1.25p per share shareholders have received a total of 13.2p a share.

For capital gains tax purposes the total distribution has been made within the year ended April 5, 1979.

Mr. Bird told shareholders: "The prompt action of your directors in realising the majority of the investments and repaying the multi-currency loan prior to my appointment greatly assisted both the rapid and satisfactory level of distribution. In addition, you have received during the liquidation the second interim dividend of 1.55p per ordinary share."

The liquidator said that he had originally envisaged making the second capital distribution by the end of December 1978, "but regrettably this had to be postponed owing to unforeseen delays in determining the company's taxation liabilities."

James Dickie profit falls

For the year ended October 31, 1978, profit of James Dickie (Drop Forgings) fell from £396,332 to £325,672. Turnover showed a rise of £0.44m to £3.38m.

After tax of £169,760 (£206,612) net profit came out at £155,912 (£178,720), for stated earnings of 8.42p (10.24p) per 25p share.

The final dividend is 2.438p for a net total of 4.909p, against 4.4p.

Elys profits near doubled

From gross sales of £5.53m against £4.78m, pre-tax profits of Elys (Wimbledon) department store, nearly doubled from £17,613 to £31,519 in the year ended January 27, 1979.

The first half saw a recovery from a loss of £9,083 to profits of £41,203 and the directors said that as a result of continuing reduction in interest payable and the opening of several new departments, they were confident that the year's profit would exceed that of the previous 12 months.

Earnings per 25p share are shown as 12.47p against 6.08p

PRESTIGE GROUP

Prestige Group is to redeem the 5 per cent cumulative preference shares on June 30, 1979 at the issue price of 105p.

Scottish Metropolitan sees big increase

TAXABLE PROFITS of Scottish Metropolitan Property Company increased from £338,995 to £509,042 in the six months to February 15, 1979, on net revenue from properties up from £1.88m to £1.87m.

The directors are confident that full year pre-tax profits will be well above the £1.27m last time. They add that negotiations are in hand for the acquisition of investment properties in Aberdeen, Inverness, Glasgow and Dumbarton totalling £2.88m, part of which will be income-producing during the current year.

In addition, two commercial and industrial projects are to start shortly in Glasgow at a total cost of £1.15m, all payable in cash.

Investment income and interest received totalled £115,085 (£108,351). Interest charges and administration expenses were

£850,737 (£848,595) and £122,258 (£105,508), respectively.

After tax of £345,494 (£226,960), revenue available came through at £463,548 (£312,335).

The net interim dividend is effectively raised from 0.81818p to 0.9p per 20p share, and absorbs £295,384 (£268,581)—last year's total payment was equivalent to 1.7935p.

Distributable reserves are increased by £139,324 (£108,001) being the surplus realised on property sales over original cost, after tax.

The directors explain that the figures do not include any transfer from reserves relating to the development programme which would have amounted to £22,560 (£66,700). They intend to re-examine their treatment in the preparation of the annual accounts.

Winding up orders for 49 companies

Orders for the compulsory winding up of 49 companies were made by Mr. Justice Vinelott in the High Court. They were:

Moelfre Craft Kits, Empfort, Saffron Hair Design, Canterford, Moffat Fire Protection, W. J. Little Builders and Brendon's Car Mart.

Prestbury Construction Company, Phillips Development (Somerset), Jumbo Contracts (Interiors and Exhibitions), Jelly Records, Cairo Jewels, Multilink and Modern Plan Insulation (West Riding).

Malynn Construction, M. L. Coker (Printers), Bromere, A. Voytas and Co., Ian Ross (Contractors), Insight TV Systems, Kirkham Construction and L. and J. Burke.

L and P Construction (Liverpool), PM Taxis, Kimsaw, Allan Blackburn Enterprises (London), Lintagete, Spearhead Transport Services and Automatic Refreshment Services.

Wilson Flynn (Radiators), A. Blackburn Agency, Ziffgate, JBA (Carpenters), V. Goldman (Huddersfield), Research Building Materials and Tweedtown.

Lennon and White Shipping and Forwarding, Leonon and White (Southern), Osman Arabic Centre, Carberme, Piers Taylor and Ajax Supplies (Siccup).

St. Clements Estates, Marden-Kane (UK), Mervyn Rutter, Charles Craze, Rrontus Insurance Brokers, Wm. Bannister and Co. and The Portsmouth Theatres.

J. Shakespeare studying areas of potential development

Mr. J. Shakespeare, chairman of Joseph Shakespeare and Co., says that the main part of the installation of plant and provision of new buildings at Spinal is nearly complete and he is confident that operating efficiency here should now improve.

This move follows the transfer of forging production from the Willenhall works, which has been closed. The chairman points out that the completed development means that Spinal will be able to concentrate on the production of heavier forgings, while Old Hill will produce higher-volume smaller forgings.

The chairman feels that the further development of Spinal should qualify under the Drop Forging Industry Grant Scheme, under which the group has taken the opportunity of reviewing the marketing organisation with the assistance of a leading firm of consultants.

Their expert confirms quite a few of the group's own projections but has caused the group to look more closely at several areas in which it could become more involved.

He says that Old Hill has shown its ability to operate profitably in extremely adverse conditions and he should improve quickly with higher demand. While drop forging still forms the major part of production at Old Hill, he manufactures of fabrications, flame cuttings and

machined parts provides the company with important additional opportunities.

These other facilities are being gradually extended, and it is intended to develop them so that they contribute even more to the profitability of Old Hill.

Ending a run of six years continuing increases in profit the group turned in a loss of £84,000 for 1978 (£0.86m profit) mainly reflecting a downturn at the Willenhall and Spinal forges. Demand in many departments fell below 50 per cent of capacity.

Meeting, Dudley (West Midlands), April 24 at 12.15 pm.

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After tax of £169,760 (£206,612) net profit came out at £155,912 (£178,720), for stated earnings of 8.42p (10.24p) per 25p share.

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Earnings per 25p share are shown as 12.47p against 6.08p

BRAMMER

Distributors of bearing and power transmission products: manufacturers of specialist power transmission products, spindles and quality rubber extrusions and mouldings

Year ended 31st December	1978	1977
	£000's	£000's
Turnover	31,731	27,405
TRADING PROFIT	5,047	4,226
Interest Received	375	272
Profit on sale of Govt. Stocks	48	56
PROFIT BEFORE TAX	5,470	4,554
Tax	1,555	1,494
Net Profit	3,915	3,060
Minority Interests	(2)	3
Extraordinary Items	(73)	116
ATTRIBUTABLE PROFIT	3,840	3,179
Dividends	1,219	614
Retained	2,621	2,565
Earnings per share	17.8p	14.6p

- * Turnover increased by..... 16%
- * Trading Profit improved by..... 19%
- * Profit before tax increased by..... 20%
- * Earnings per share increased by..... 22%
- * Net assets employed increased by..... 23%

“We shall devote our future energies towards the consolidation of our investments and expansion of markets in this country and overseas.

We anticipate continued progress in the current year.”

J. E. HEAD, Chairman

BRAMMER

H Brammer & Co. Limited, Altrincham, Cheshire

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 12.4.79.


Terms (years)	4	5	6	7	8	9	10
Interest %	11	11 1/4	11 1/2	11 3/4	11 3/4	11 3/4	12

Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 8XP (01-928 7822, Ext. 177). Cheques payable to "Bank of England, a/c FFI". FFI is the holding company for ICFC and FCI.

Bank Leu

A Modern Bank with Old Tradition.

In spite of not very favorable conditions our Bank has been able again to expand its volume of transactions in 1978 and to achieve a fair increase in earnings. Total assets rose from Sfr. 3511 million to Sfr. 4018 million, or by 14.4%. They thus have doubled within four years. Net earnings after depreciation and provisions amounted to Sfr. 16,928,403.15 or to 11.2% more than in the previous year. A dividend will be distributed of Sfr. 80.- per share and of Sfr. 16.- per certificate of participation. More information about the development of our Bank in 1978 is given in our 224th Annual Report, the highlights of which are available in English. Copies will be gladly sent to you on application to our Head Office in Zurich, Switzerland.



Bank Leu, the Oldest Swiss Bank, founded 1755

Balance Sheet as at December 31, 1978


	1978 Sfr.	1977 Sfr.		1978 Sfr.	1977 Sfr.
Assets			Liabilities		
Cash and Due from banks	1,544,707,526	1,419,761,853	Due to banks	591,893,265	472,128,828
Bills and money market papers	132,757,360	78,825,841	Demand and time deposits	643,280,520	650,591,546
Current account advances	228,864,956	226,539,157	Savings accounts	1,540,038,063	1,328,785,436
Fixed advances and loans	481,320,004	349,068,896	Bonds and Loans	798,106,800	663,494,000
Advances and loans to Government corporations	190,336,442	144,770,811	Other liabilities	134,884,615	129,159,040
Mortgages in Switzerland	689,442,231	650,659,005	Capital and participation stock	67,865,800	74,133,000
Securities and permanent investments	483,857,793	450,122,848	Reserves and retained earnings	208,689,907	177,636,514
Other assets	266,773,042	180,142,488	Net profit	16,928,403	15,228,633
	4,017,961,363	3,511,168,997		4,017,961,363	3,511,168,997

Bank Leu Ltd.
Head Office
32 Bahnhofstrasse
Zurich, Switzerland
P.O. Box, CH-8022 Zurich
Telephone +41 21 11111
Telex 52174
Cable bankleu

US-Representative Office:
J.P. Gabriel
50 Rockefeller Plaza, Suite 1215
New York, NY 10020
Telephone (212) 765-9860
Telex 666924
Cable leusam

Middle East Representative Office:
Peter F. Schoell
Eschweg El Khrouy Street,
Nassau, Bahamas
Beirut, Lebanon
P.O. Box 11-4145
Telephone 256 303/257 775
Telex 15 928 403
Cable europag beirut

Bank Leu International Ltd.
Sunley Building
Parsons Square
Nassau, Bahamas
P.O. Box N 3928
Telephone 325-4867
Telex NS 231
Cable bankleu



Bank Leu

A Dutch bank opens in the financial center of America.

We Dutch are no strangers in America. We founded its largest city, Nieuw Amsterdam.

Over the centuries since then, Dutch-American trade has played a significant role in the economy of both countries. And Dutch investments continue to grow, making Holland one of the leading investors in the United States.

And now one of Holland's largest banks joins America's international banking community—in the heart of Manhattan—to extend specialized, unique Dutch banking services to all of the United States.

The name is Nederlandsche Middenstandsbank n.v., but all you have to remember is NMB.

Total Assets: \$16,500,000,000 - Total Deposits: \$15,600,000,000

NMB BANK

NEDEERLANDSCHE MIJDEENSTANDSBANK NV
450 Park Avenue, New York 10022 • (212) 758-0600

NORTH AMERICAN NEWS

Petrofina Canada qualified

MONTREAL — For the third year in a row, the annual report of Petrofina Canada Ltd. included a qualified opinion from its auditors, Clarksons, Gordon, Petrofina is 72 per cent owned by Petrofina S.A. of Belgium.

The latest qualification again deals with tax liabilities and refers to 1978. The matter first arose in the company's report for 1976 and has apparently broadened since then.

Clarkson said its opinion of the company's financial statements is subject to final determination of the income tax dispute, in which about \$22.8m is at stake.

As explained in the notes to financial statements, Canada's tax authorities, after examining the transactions with a foreign unit of Petrofina, recently issued notices of reassessment, reducing the costs the company could claim for the years 1970 through 1978.

The Petrofina management "strongly disagrees with the reassessments, which appear to be contrary to an understanding reached... in respect of prior taxation years."

The company said it has paid about \$19.1m of the assessed liability and is contesting the reassessment. It added that a provision has not been made in its accounts to reflect the potential increase in the provision for Federal taxes and that the amount of \$519.1m is included as "income tax recoverable."

Thomson family amends Bay terms

BY ROBERT GIBBENS IN MONTREAL

THE THOMSON family appears to be determined to retain some stake in the Hudson's Bay Company. Yesterday morning the two Thomson Toronto based holding companies which on March 1 offered C\$31 per share for 51 per cent of The Bay shares increased the offer to C\$35.

The Thomson companies also said the offer in cash would apply to 60 per cent of The Bay shares outstanding, which would cover 13.8m shares. However, the new bid is not conditional on the deposit of any minimum number of shares.

If less than 60 per cent of The Bay shares are deposited, then all shares tendered would be taken up. If more than 60

per cent are deposited, then the Thomson family would accept on a pro rata basis up to 13.8m shares, or they may elect to purchase more.

The original bid, which was to expire on April 6, has now been extended until April 9.

Last week, the Thomson interests gave the impression they were not willing to increase the original C\$31 offer. The two Thomson private holding companies concerned are Woodbridge Company and Thomson Equitable (International) Ltd.

Late last week, the George Weston food processing and distribution group based in Toronto offered C\$40 a share for 51 per cent of the Bay stock, with the alternative of preferred stock or a mixture of cash and

EUROBONDS Turnover rises to record

By Francis Ghilès

TURNOVER in the Eurobond market rose to a record \$33.55bn during the first three months of the year for a same level of \$28.07bn during the same period last year, according to the combined settlement figures of the two Eurobond settlements systems, Euroclear and Cedel.

The large number of issues floated during February, and the increase in the number of institutions making a market in Eurobonds, are among the factors which helped to swell the turnover figure.

The most active sector of the Eurobond markets yesterday was the sterling one. Prices rose by up to half a point, with the recent issue for FTI closing at 103 1/2.

In the dollar sector the \$20m convertible for Galveston Houston started its first day of trading on a very strong note: it closed at 101-102, having touched 101-102 earlier in the day.

Meanwhile, the Italian state energy agency ENEL is raising a \$600m 10-year loan via a group led by Deutsche Bank and Banca Commerciale Italiana. The amount is larger than the \$500m originally planned.

Terms comprise a spread of 1/2 per cent for the first four years of the life of the loan, rising to 1 per cent.

The 15-year credit, the first yen-denominated syndicated loan to New Zealand, bears a fixed interest of 7.3 per cent.

Denmark's East Asiatic Company expects higher profits this year. Mr. Høgen Page, chief executive, said earnings in 1978 should be an improvement on last year, when net profits fell from Dkr 163m to Dkr 108m (\$20.76m).

Italcementi capital changes planned

BY RUPERT CORNWELL IN ROME

BERGAMO-based financier, Sig. Carlo Pesenti, is planning to change the shareholding structure of his Italcementi master company to ensure he retains control of his banking, industrial and insurance empire after the complicated reorganisation currently in progress.

The latest scheme, which will go before an extraordinary meeting of Italcementi shareholders on May 12, will permit up to half the 1.40bn capital to be converted into preferential, so-called "savings" shares.

These shares will no longer enjoy voting rights, but in return will be granted a higher remuneration than the remaining ordinary stock with full voting rights.

Assuming the scheme is endorsed, holders of the "savings" shares will receive a dividend of L.850 (\$1.02) while a payment of only L.700 will be made on existing stock.

Italcementi profits in 1978 are expected to rise to L.53bn (\$7.7m) from L.33bn, after depreciation of L.31.5bn.

The neatness of the plan is that by inducing existing owners of voting shares to switch to non voting stock, the 37 per cent of Italcementi now believed to be in Sig. Pesenti's hands could become in practice an unassailable majority.

If the maximum of 50 per cent of Italcementi shares were "neutralised" in this way, Sig. Pesenti's stake would be transformed into as much as 74 per cent of eligible voting stock, making it impossible for any rival to build up a comparable shareholding to challenge him.

These assets include complete ownership of Banca Provinciale Lombarda and Istituto Bancario Italiano (IBI), a 41 per cent stake in RAS, Italy's second largest insurance group, a quarter share in the Falck private steelmaker and 64 per cent of Franco Tosi, the electrical engineering concern. Together they have been valued at L1,000bn or more.

Presented into as much as 74 per cent of eligible voting stock, making it impossible for any rival to build up a comparable shareholding to challenge him.

This consideration is at present of great importance, since the Bergamo financier is in the middle of an intricate operation which is expected to lead to the elimination of cross-holdings within the group.

Italcementi shareholders are currently being offered stock in Italmobiliare, an Italcementi subsidiary which controls Sig. Pesenti's substantial banking and insurance holdings, on a one-for-two basis at L10,000 per Italmobiliare share.

However, until the new scheme announced at the weekend, the risk existed that in the process of trading in Italmobiliare rights there could be created of inconvenient and possibly threatening rival blocks in Italmobiliare, which by dint of its assets, is much the most attractive part of the Italcementi group.

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Boise Cascade boosts spending

BY JOHN WICKS IN ZURICH

CAPITAL expenditure totalling \$2.3bn is to be made in the coming five years by Boise Cascade Corporation, the U.S. paper and building materials group.

The chairman, Mr. John B. Fery, forecast a continued rise in sales, earnings, dividends, and return on equity over the period. Last year, the undertaking had increased earnings to a record

Optimism at Goodyear

AKRON—Goodyear Tyre and Rubber expects an improvement in first quarter earnings at a pace that will "undoubtedly accelerate" if contract talks accelerate.

The United Rubber Workers are settled peacefully, Dr. Charles J. Pihod Jr, the chairman, said at the annual meeting.

Goodyear will spend about \$400m on capital improvements this year, capital spending was previously projected at about \$410m.

Carrier merger

United Technology's and Carrier Corporation have agreed in principle on terms of a merger under which Carrier will become a wholly owned subsidiary of United.

United reports from Syracuse, United owns about 49 per cent of Carrier's voting securities, acquired in a cash tender offer and market purchases.

Under the agreement, each Carrier share will be exchanged for one share of a new convertible preferred stock of United.

RESULTS IN BRIEF

Baker Industries loss cut

NEW YORK—Baker Industries, the chemical fertiliser group, has reduced its fourth quarter loss from \$91.31m or \$2.74 a share to \$89.7m or 78 cents a share. Net loss for the full year amounted to \$14.45m or \$1.26 a share, against \$30.32m.

With the new Cadereyta refinery now operating, Pemex is set to increase its exports of refined products this year

Installation of 43 new compression units. Observers, however, believe that the figure is far higher, probably 15 per cent, and that as oil production increases so will the flaring of the gas, unless domestic uses as is planned, or the gas is exported.

MEXICO'S STATE OIL COMPANY

Pemex makes a move downstream

BY WILLIAM CHISLETT IN MEXICO CITY

PEMEX, the State-owned oil monopoly which is the pivot of the fast expanding Mexican economy, has reported a trade surplus for 1978 of 35bn pesos (\$1.5bn). The value of exports, mainly crude oil, was up 42 per cent on 1977 to \$1.8bn and imports of petroleum and some petrochemical products were \$300m, according to the annual report.

Last year was another resoundingly successful one for this giant monopoly which employs about 100,000 people. Its exports represented almost 30 per cent of Mexico's total foreign exchange earnings. This year, Pemex forecasts that exports will be worth \$3.5bn, or 28 per cent of exchange earnings.

The average volume of crude oil exported per day in 1978 was 365,000 barrels, an 80 per cent increase over 1977, with the U.S. taking 80 per cent of this. Other customers were Israel, France, Spain, Canada and Japan.

Production reached 1.5m b/d last December and will reach a maximum of 1.8m b/d this December for a daily average this year of about 1.7 b/d. Exports should average about 672,000 b/d this year.

Proven hydrocarbon reserves at the year end were 40bn barrels (26.4bn of crude and condensates, and 11.7bn of natural gas equivalent) and probable reserves 45bn and potential 200bn. British proved reserves are 19bn barrels and Saudi Arabia's 167bn. No further increase in the reserves has been reported since then, although unofficially proved reserves are now put at over 60bn barrels.

The bulk of the increased production came from the southern zone, which produced 83 per cent of the "black gold." This area, in the states of Tabasco and Chiapas, is where much of the exploration is being carried out.

We bank on growth in South East Asia.

Advertisement for Commerzbank featuring Hong Kong and Singapore branches. Text includes: "A full-service branch", "Commerzbank, one of West Germany's 'Big Three' commercial banks with consolidated assets of more than US\$45 billion, is pleased to announce the opening of a full-service branch in Hong Kong and a wholly-owned subsidiary in Singapore, both structured to meet the needs of Asian, German, and other international clients." It also mentions "A new merchant bank" and "other client-oriented services".

East Asiatic forecasts upturn this year

BY HILARY BARNES IN COPENHAGEN

DENMARK'S East Asiatic Company expects higher profits this year. Mr. Høgen Page, chief executive, said earnings in 1978 should be an improvement on last year, when net profits fell from Dkr 163m to Dkr 108m (\$20.76m).

He said developments in the first quarter had been promising and added that earnings in the shipping sector, which pulled down last year's result, could be expected to improve this year, especially for the company's fleet of bulk and product carriers.

Mr. Page said that a Dkr 4.9bn fall in sales last year to Dkr 18.5bn was largely due to the fact that the Nigerian company B. T. Briscoe, was no longer included in the group accounts as the company now only had a minority holding.

Moreover, the strong Danish kroner meant that 90 per cent of group sales when converted to kroner showed a reduced figure compared with 1977. After allowing for these two factors sales were more or less unchanged compared with 1977.

The East Asiatic Company traditionally has had close ties with China and Mr. Page said that developments in China were now showing rapid changes. "The increase in China's international trade can in the longer term have a positive impact on the economy of the Far East and perhaps on the world economy as a whole."

Swiss building material groups in merger talks

BY JOHN WICKS IN ZURICH

TWO SWISS companies associated with the construction industry, Sika Finanz and Uniker Holding, are considering a merger. This is likely to take the form of reciprocal stock acquisition, and talks are expected to be completed by the summer.

Sika Finanz is the parent company of the Sika group, which specialises in chemicals for the building industry and had a group turnover of Swf 248m in 1977 (\$149.4m). Uniker, whose operations are concentrated on sound insulators, had total sales for the same year of Swf 230m.

Both groups have most of their production facilities outside Switzerland. A merger would foresee the continuation of the two concerns as individual operating entities.

Formations of subsidiary companies for the year ended March 31 have shown a "lively rising tendency", according to the Swiss Interstep Holding AG. Interstep is an international property development company specialising in shopping centre projects.

Parent-company income has, however, been affected negatively by the appreciation of the Swiss franc and the reform of German corporation taxes. In all, Interstep expects profits similar to the Swf 3.24m booked for the 1977-78 financial year.

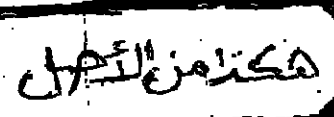
The stress of Interstep's activities in the past year was on the further expansion of the company's position in the U.S. It is stated in a prospectus for the listing in Zurich, Basle and Geneva of 100,000 new bearer shares, apart from three additional neighbourhood shopping centres, two regional shopping centres were taken up into the Interstep portfolio. The Willett-based holding company Interstep and Bank Centrale AG, has sold one stake and is in the process of purchasing another U.S. unit.

Eurex starts test run

BY OUR EUROMARKETS STAFF

THE Luxembourg-based computerised trading system for international bonds started its initial tests yesterday. The trading network is scheduled to become fully operational on May 5.

seven will be in London. According to Eurex, the London market makers will be White Wadd Securities, Westdeutsche Landesbank, Bankers Trust International, Ross and Partners, Akroyd and Smithers, Bank Julius Baer International, and ICB International. So far, according to Eurex, some 60 banks and investment banks of various nationalities have indicated that they will be using Eurex either as a market maker or as a "user" of its services. The management is confident that the June 5 deadline for the start of live trading can be met.



Capital Losses at French electrical engineer

By Robert Mauthier in Paris
THE LARGE French electrical engineering company Compagnie Electro-Mechanique made a loss of FF 41.1m (\$9.8m) in 1978, after provisions for depreciation of FF 54.2m.

TANDBERG OF NORWAY The government takes a hard line

NORWAY'S Minister of Industry has put a pistol to the head of the team of executives now trying to create a new, viable company out of the ruins of the recently bankrupt Tandberg.

Siemens of West Germany has taken over the data division, now called Tandberg Data. Tandberg Industries, working in one of the old Tandberg's Oslo plants, is continuing to make educational aids and the most advanced tape-recorders and high-fidelity audio products.

The company being reshaped from the ruins of the Tandberg electronics group has suddenly been told that it must find \$3m in new capital from non-government sources. It has until the end of this month to find the cash.

Blair says the Board believes it will be able to meet the Minister's deadline if it must, because "our new company is attractive to investors." It regards the time allocated as "unrealistically short," however, and would like to have at least until July 1 to shop around for new partners.

Mr. Blair said talks had already started with foreign merchant bankers in London (Lazard's) and New York (Schroeders), both of which had money has been voted in an attempt to save the bits of the company that are worth rescuing.

New Mercedes investment detailed by Daimler-Benz

DAIMLER-BENZ plans to invest around DM1bn (\$535m) over the next few years on equipping its plant in Bremen for production of the planned "small Mercedes" car.

This will form part of the overall investment programme of DM10bn for 1979-83 approved by the supervisory board late last month and will take Bremen in the north of Germany as the group's second largest car plant after Stuttgart.

Dutch Cabinet considers further aid for RSV

THE DUTCH Cabinet met yesterday for more talks on the future of the new shipbuilding activities of Rijn-Scheide-Voerline (RSV). Addition aid has become an urgent priority.

West German government bond to raise DM1bn

THE WEST GERMAN government is to step back into the long term bond market after an absence of more than three months. It is to raise DM 1bn (\$535m) through the issue of 10- and 10-year bonds.

Industrial division boosts Clal

CLAL—Israel's largest investment company, which has interests in some 150 enterprises—has reported a 152 per cent increase in its net profit for 1978 to \$542m (\$20.8m), from \$175.4m in 1977.

Bank opposition to mortgage scheme

THE General Mortgage Bank—Israel's oldest mortgage institution—raised its net profit for 1978 to \$111.6m (\$5.3m). An unchanged cash dividend of 18 per cent has been declared, including the 8.5 per cent paid in October, and there is again to be a 40 per cent bonus share issue.

Email hits at stock exchanges

EMAIL—the Australian white goods manufacturer—yesterday blamed lack of action by the stock exchanges for "unrealistic prices" paid in the market battle for control of the Adelaide-based appliances-maker Kelvinator Australia.

Sappi to improve in current year

SAPPI—the South African newspaper, packaging paper and fine paper manufacturer—is looking for a major improvement in its results for 1979, according to Mr. Eugene van As, the managing director.

Fashion chain ahead

FOSCHINI, the South African fashion store chain with 425 outlets nationwide, has reported a 13.5 per cent turnover increase to just short of R100m (\$118.34m) for the year to December 31, 1978 (1977: R87.9m).

Liberty Life confident

LIBERTY LIFE, South Africa's third largest life insurer, is confident that its 10-year growth target will be maintained.

US\$20,000,000 Floating Rate U.S. Dollar Negotiable Certificates

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THE SANWA BANK LIMITED LONDON

Central American Bank for Economic Integration (CABEI) U.S. \$20,000,000 Floating Rate Serial Notes due 1994

Mr. van As says the company's mills were operating at nearly full capacity, auguring well for the current year, while Enstra's technical problems should have been resolved by mid-year.

Abercom rights issue

ABERCOM, the diversified South African engineering group is to raise R10.2m (\$12.07m) through a rights issue of 6.06m shares at a price of 200 cents a share.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Table with columns: U.S. DOLLAR STRAIGHTS, DEUTSCHE MARK STRAIGHTS, OTHER STRAIGHTS, CONVERTIBLE BONDS, SWISS FRANC STRAIGHTS, YEN STRAIGHTS. Lists various bond issues with their respective yields and prices.

ISRAELI NEWS

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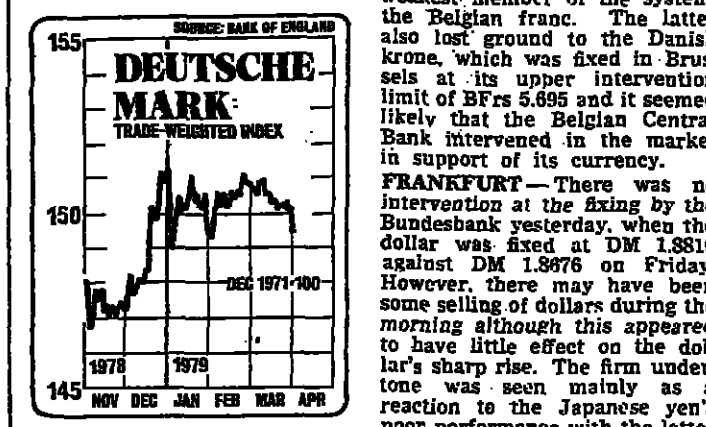
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CURRENCIES, MONEY and GOLD

Dollar & pound very firm

The U.S. dollar made sharp gains against most major currencies in yesterday's foreign exchange market, but finished slightly below its best levels. This was probably a reflection of profit taking later in the day, although a number of central banks were engaged in trying to suppress the dollar's upward movement. Against the D-mark it finished at DM 1.8835, having touched DM 1.8770 at one point, and compared with Friday's close of DM 1.8680. Similarly the Swiss franc lost ground to the US unit and closed at SwFr 1.7030 against SwFr 1.6950 previously. The Japanese yen was also weaker as continuing



uncertainty over the oil situation undermined market confidence. The yen finished at ¥211.80 from ¥209.70. Using Bank of England figures, the dollar's index rose to 56.2 from 54.9. Sterling improved against major European currencies although against the dollar the rise was considerably less. It opened at \$2.0745-2.0750, its best level for the day, and eased on dollar demand to \$2.0650. However, interest in the pound soon pushed up the rate to \$2.0690 where it traded for most of the day. The Bank of England intervened from time to time although not on a large scale, and sterling closed at \$2.0670, a rise of 15 points. On a trade weighted basis, the pound's index closed at 66.5, its best level since January 1978, and compared with 56.1 on Friday.

THE POUND SPOT AND FORWARD

Table with columns: Day's spread, Close, One month, Three months. Rows include U.S., Canada, Austria, Denmark, Ireland, W. Ger., Portugal, Spain, Italy, Norway, France, Sweden, Japan, Australia, Switz.

THE DOLLAR SPOT AND FORWARD

Table with columns: Day's spread, Close, One month, Three months. Rows include UK, Ireland, Netherlands, Belgium, W. Ger., Portugal, Spain, Italy, Norway, France, Sweden, Japan, Austria, Switz.

CURRENCY RATES

Table with columns: Bank, Rate, Special Drawing Rights, European Currency Unit. Rows include Sterling, U.S. dollar, Canadian dollar, etc.

OTHER MARKETS

Table with columns: Apr. 2, Apr. 3, Note Rates. Rows include Argentina, Australia, Brazil, Canada, etc.

WORLD VALUE OF THE POUND

Large table with columns: PLACE AND LOCAL UNIT, VALUE OF £ STERLING. Rows include Afghanistan, Albania, Algeria, Angola, Argentina, Australia, Austria, etc.

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BANCA NAZIONALE DELL'AGRICOLTURA S.p.A., Rome 1978 RESULTS. Banca Nazionale dell'Agricoltura's net profits at 31.12.78 were Lit 15,541,915,301.

EXCHANGE CROSS RATES

Table with columns: Apr. 3, Pound Sterling, U.S. Dollar, Deutschemark, etc. Rows include Pound Sterling, U.S. Dollar, Deutschemark, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: Apr. 2, Sterling, U.S. Dollar, Canadian Dollar, etc. Rows include Short term, 1 month, 3 months, 6 months, 1 year.

INTERNATIONAL MONEY MARKET

German short-term interest rates eased yesterday, after moving up sharply on Friday. The firmness before the week-end reflected the rise of 1 per cent in the Bundesbank discount rate and Lombard rate, to 4 per cent and 5 per cent respectively.

UK MONEY MARKET

Bank of England Minimum Lending Rate 13 per cent (Since March 1, 1979). The authorities gave a small amount of assistance to the London money market yesterday by buying Treasury bills from the discount houses, even though day-to-day credit appeared to be in good supply.

LONDON MONEY RATES

Table with columns: Apr. 2 1979, Sterling Certificate of deposit, Interbank, Local Authority deposits, etc. Rows include Overnight, 7 days, 1 month, 3 months, 6 months, 1 year.

GOLD

Little change

Gold showed little movement in the London bullion market yesterday and closed at \$291.8240, a rise of \$1 an ounce. The metal opened at its high for the day of \$240.241 and was fixed in the morning at \$240.05.

UK MONEY MARKET

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Table with columns: Apr. 2 1979, Sterling Certificate of deposit, Interbank, Local Authority deposits, etc. Rows include Overnight, 7 days, 1 month, 3 months, 6 months, 1 year.

MONEY RATES

Table with columns: NEW YORK, Prime Rate, Fed Funds, Treasury Bills, etc. Rows include Prime Rate, Fed Funds, Treasury Bills, etc.

BUSINESS AND INVESTMENT OPPORTUNITIES

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Each month Venture Capital Report describes 5-10 investment opportunities. The March issue contains the following:
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2. Casino operating company £40,000 5. Hang gliders £50,000
3. Modular housing kit £100,000 6. Vehicle refrigeration £30,000
Please write to Venture Capital Report, 2 The Mall, Clifton, Bristol. Telephone: (0272) 37222

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PREQUALIFICATION OF TENDERERS FOR 800 MW THERMAL PLANT LAGOS NIGERIA
Tendering documents will be issued in November 1979 to qualified international contractors for a single 'turnkey' contract for the design, supply, transportation, construction, erection and commissioning of all necessary civil, mechanical and electrical works for a thermal generating station comprising 800 MW (50 Hz) steam turbine generating units including all auxiliaries, buildings and structures, office, workshops, stores, substation, inter-connecting double circuit 330 KV transmission line to a similar scope and magnitude (approximately 40 km) and all other facilities necessary to comprise on completion, a complete, reliable, functional and economical electricity generating station, designed and constructed in accordance with and to suit the specified conditions.
The proposed generating station will be located at a site within 30 km of Lagos and the fuel will be natural gas and at a site within 30 km of Lagos.
The proposed schedule for the project requires power generation from the first unit on or before 1st December, 1983, and the remaining units in commercial operation within the following 18 months. Key dates are as follows for the project events:-
Issue of tendering documents - 1st November, 1979
Award of contract - 1st July, 1980
First power - 1st December, 1983
Completion (all units) - 1st June, 1985
A turnkey contract will be negotiated with and awarded to the bidder who in the opinion of the authority, submits a proposal for the most suitable, complete and economical plant in accordance with the specified requirements.
In order to qualify as potential tenderers, interested parties should submit with their application for prequalification, information on the following:-
(1) Agreement and/or comments on the proposed schedule together with their proposed design, manufacturing, delivery and construction programme.
(2) Details of experience in handling complete offshore contracts of similar scope and magnitude including complete project description, details of actual schedule achieved, main sub-contractors used, owner and station name, including name of individual for reference.
(3) Dimensions and details of units available and approximate turbine generator gross heat rate for these units, with condenser cooling water at 30 deg. C.
(4) The minimum time required for tender preparation.
Application for prequalification accompanied by the requested information shall be submitted to the address below to arrive not later than 15th May, 1979:-
Shawmont Limited,
c/o Montreal Engineering Co. Ltd.,
P.O. Box 1560,
St. Catharines,
Ontario,
Canada, L2R 7J9
(Attention: Project Manager Lagos Thermal Plant)
A copy of all correspondence and the application for prequalification shall also be sent simultaneously to:-
National Electric Power Authority,
P.M.B. 12030,
(Agoo),
(Project Director of Engineering Projects)
and marked "Prequalification-Lagos Thermal Plant."

APPOINTMENTS

Changes at Reed Paper & Board

REED PAPER AND BOARD (UK) has regrouped its manufacturing units under three divisional managing directors to replace the product group structure. The managing directors and their divisions are: Mr. Len Massam, newsprint and packaging papers; Mr. Gilbert Pike, boards; and Mr. Eric Jackson, printings, writings and wallpapers. Previous positions held by the newly appointed executive were: Mr. Massam, product group director, printings, writings and wallpapers; Mr. Pike, product group director and general manager, Coltrun Board Mills; and Mr. Jackson, sales director, Reed Paper and Board (UK). A new addition to the management team is Mr. David Lee as marketing director. The company states that the change from having a sales director stems from the new divisional structure which will reduce the need for sales co-ordination between mills at company level and enable the marketing director to concentrate more on future development. Mr. Lee joined Reed in 1965 and became Reed Group director of planning and development in 1978. The parent company is Reed Paper and Board (UK).

Mr. Robert Ainsley, managing director of TOOTAL, is to become executive chairman in succession to Sir George Kenyon who is retiring as chairman following the annual meeting in June. Sir George, who is retiring because of the increase in his business commitments (including the chairmanship of Williams and Glyn's Bank), will continue as a non-executive member of the Tootal Board for the time being. Mr. Alan Wagstaff, financial director, is being appointed deputy chairman, from the same date.

Mr. Arthur E. Stone has been appointed general manager, designate, of the LEEDS AND HOLBECK BUILDING SOCIETY, Mr. Stone, who is an assistant general manager of the LEEDS PERMANENT BUILDING SOCIETY, will become chief executive of Leeds and Holbeck when Mr. Horace Shackleton retires in March 1980.

Mr. Bert Keeling has become managing director of STORK WERKSPOR DIESEL, a Dutch diesel engine and power generation company.

Mr. E. C. Sutton (Associated Container Transportation (Australia)) has been elected chairman and Mr. G. A. B. King (BP Tanker Company) deputy chairman of the LONDON GENERAL SHIPOWNERS SOCIETY. Retiring chairmen were Mr. C. M. O'Connell (Ocean Transport and Trading).

Mr. A. T. Smith, chief accountant, of M. L. HOLDINGS is appointed secretary of the company, succeeding Mr. Cyril Jones who retires after 21 years.

Mr. Robert Napier has been appointed to the Board of FISON'S pharmaceutical division as financial and administrative director - a new post created during organisational changes in the division - from June 1. He is currently group treasurer, a post he has held since 1977.

METAL TRADERS, INC. New York, has promoted Mr. W. A. Cantel to its president and chief executive officer. He was executive vice president. Mr. J. Vaillette was named chairman for the time being and will become a consultant in the summer.

Mr. Michael W. Good has been named managing director of H. CLARKSON CONSTRUCTION INSURANCE BROKERS. Mr. Conrad M. Owen has been appointed managing director of H. Clarkson (Overseas). Mr. Basil E. Pate has joined the Board of H. Clarkson and Co. (Insurance). The companies are all subsidiaries of H. Clarkson (Insurance Holdings).

Mr. J. R. Stumpster has been appointed senior accounts executive (title to be senior international executive) in the UK regional office of NATIONAL WESTMINSTER BANK'S international banking division, based in the City. He succeeds Mr. J. Bush on his retirement.

CANNON ASSURANCE state that Mr. Richard Ellis, managing director, has retired from executive duties and becomes deputy chairman. He will be succeeded as managing director by Mr. F. R. Wales, at present general manager and chief actuary.

Mr. Alan E. Brooker, managing director of the EXCHANGE TELEGRAPH COMPANY (HOLDINGS) (Extel), has been appointed to the additional position of deputy chairman. Mr. Mr. D. E. Harrison has been appointed finance director of SCHLESINGER INVESTMENT MANAGEMENT SERVICES and of Schlesinger Trust Managers. Mr. I. P. Forsyth has been made a director of Schlesinger Investment Management Services and Mr. D. D. Aitken and Mr. J. D. Bourne become directors of Schlesinger Trust Managers.

Mr. Brian Appleton, deputy chairman of the Petrochemicals Division of Imperial Chemical Industries, has joined the Board of TIOXIDE GROUP. Mr. A. W. Clements has resigned his directorship of Tioxide on appointment as financial director of ICI.

Mr. D. E. Harrison has been appointed finance director of SCHLESINGER INVESTMENT MANAGEMENT SERVICES and of Schlesinger Trust Managers. Mr. I. P. Forsyth has been made a director of Schlesinger Investment Management Services and Mr. D. D. Aitken and Mr. J. D. Bourne become directors of Schlesinger Trust Managers.

Mr. C. G. H. Foster has been appointed managing director, Witton Site Co-ordination, for ICI. He has also been appointed chairman of two ICI companies, John Wilkinson and Sons (Saitley) and J. F. Ratcliff (Metals).

Mr. Robert Hague, company secretary, and Mr. F. B. Wright, deputy chairman of the steel division, have been appointed to the main Board of NEEPSND.

Mr. Jeremy Lancaster, who has become a regional director of the Birmingham and West Midlands regional Board of Lloyds Bank, is chairman of TOMKINSONS CARPETS, not Tomkins Carpets as reported last Thursday.

Mr. Leslie Hewitt has been appointed a director of TUNNEL HOLDINGS. He succeeds Mr. J. A. D. Thom, who has retired from the main Board but will become a non-executive director of Tunnel Cement.

Mr. Tim Melville-Ross has been appointed assistant general manager (planning) of the NATIONWIDE BUILDING SOCIETY. Mr. Melville-Ross became secretary of the society in 1974 and was previously with British Petroleum.

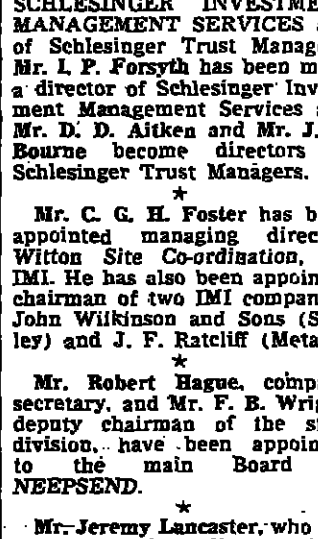
Mr. R. A. Flammer, a director of ROSSMINSTER GROUP, has been appointed a director of JACKSONS BOURNE END. Mr. M. J. Knight and Mr. J. M. Jackson have resigned from the Board.

Mr. K. F. W. Allsop and Mr. R. J. Laker have been appointed to the Board of M AND G GROUP.

Following a re-organisation of the group, Sir Alexander Durré, Mr. Stanley Field and Mr. Jack Hollingshead have retired as non-executive directors from the London and Bristol respectively.



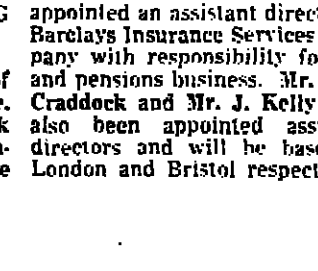
Mr. D. J. Kingsbury



Mr. Alan E. Brooker



Mr. R. St. J. Barkshire



Mr. A. Victor Adey



Companies and Markets

World olive oil pact drafted

GENEVA—A 33-nation conference here has drafted a new, more extensive international agreement to promote trade in olive oil after ten days of negotiations, a U.N. spokesman said.

The new record will replace a 1962 pact which has been renewed four times and expires next December 31.

Like its predecessor the new agreement will rely mainly on consultations among producers rather than on specific economic measures to correct imbalances between world supply and demand.

But its scope will be wider than the previous 25-nation pact, extending to all aspects of olive oil production and covering non-oil products of the olive tree.

Leading olive oil trading countries, mainly from Western Europe and the Mediterranean basin, took part in the negotiations under the auspices of the UN Conference on Trade and Development (Unctad).

Disruption threatens UK butter and cheese trade

BY CHRISTOPHER PARKES

THERE IS growing concern in the British dairy industry that the delicate balance in the cheese market could be upset this year by further price rises, falling consumption and an expected increase in home production and imports from Continental creameries.

The butter trade, too, is asking for Government help to offset threatened disruption of trade this summer. One leading merchant claimed yesterday that without State intervention, there could be gaps in some supermarket butter displays later this year.

Initial estimates show cheese consumption fell 7 per cent last year, and although dairy executives feel this may be a little high, there is no doubt that consumption in Britain, already the lowest in the European Community, declined in 1978.

Sharply rising prices and unusually high stocks of over-mature cheese were blamed.

At a similar meeting recently, while still cautious, European shippers estimated they would be sending some 25,000 tonnes this year. Another disturbing element is the uncertainty over how much cheddar New Zealand will be allowed to send in future.

Producers raise coffee estimates

By Our Commodities Staff

THE AMOUNT of coffee available for export from the world's main coffee producers in the 1978-79 crop year will be about 56.58m bags, according to International Coffee Organisation figures.

Earlier estimates put available coffee at between 52.55m and 55.38m bags.

Total production estimates have also been raised from between 69.87m and 73.87m bags to 76.53m bags, Reuter reports.

Brazil's 1978-79 crop is estimated at 21.3m bags against 20m in the previous season and exportable production in 1978-79 is put at 14.3m bags against 13m in 1977-78.

Colombia's crop is estimated at 10.8m bags against 11.15m in 1977-78.

Quick action needed to avoid scarcity

By BRIJ KHINDARIA IN GENEVA

SEVERE SHORTAGES of both natural and synthetic rubber are likely in the 1980s if producers fail to take key investment decisions soon.

Natural rubber, particularly vulcanised, is being placed at this time to forge ahead in its struggle for markets with synthetic rubber, although the likely expansion of demand for rubber products as a whole will leave plenty of room for both types.

Trade experts here point out that under current World Bank assumptions concerning the future growth of the world economy, global demand for rubber products is expected to grow at an average rate of 5 to 5.5 per cent per year up to 1990, about 1 per cent below the historical rate.

Despite this slower growth of demand for rubber products compared with the past 25 years, both natural and synthetic rubber will have ample scope to flourish. But it remains far from clear whether rubber producers will — or are able to — respond to the challenge.

More short-term stability for rubber seems within reach now because of on-going negotiations for an international natural rubber arrangement under the auspices of the UN Conference on Trade and Development.

Concern about security of supply looms large in the minds of natural rubber consumers in industrialised countries who must rely on a raw material produced thousands of miles away.

To reduce the dependence of consumers on the traditional suppliers, international help should be increased to viable rubber projects in West Africa, Latin America and small Asian producing countries.

Developing country exports of natural rubber should grow at an average 3.8 per cent per year up to 1990, compared with a historical rate of 2.8 per cent according to estimates by the UN Food and Agriculture Organisation. The rates should be 5.2 per cent yearly between 1976 and 1980, 3.6 per cent yearly between 1980 and 1985, and 2.8 per cent yearly between 1985 and 1990.

Imports of natural rubber by both developed and developing countries should rise at about 4.5 per cent annually up to 1990, while imports by the centrally planned economies should rise by about 3 per cent a year.

China's imports are also expected to rise during the next 15 years, but a slowdown will occur in the 1980s as more locally produced synthetic rubber becomes available.

Zaire denies copper cutback

BY JOHN EDWARDS, COMMODITIES EDITOR

ZAIRE HAS again firmly denied strong market rumours that it is about to declare force majeure on its copper export contracts.

A spokesman in Brussels for Sozacom, the Zaire state metals trading company, told Reuters that there was no change from his comments last week that Zaire was meeting all its March deliveries and production had been restored to normal after falling in January and February.

London market sources remained sceptical. One merchant claimed he had received a telex refusing further price fixations for Zaire copper.

Consumers appear to be receiving somewhat delayed deliveries but are uncertain about the future, since it is thought that stocks in Belgium have been exhausted by the lack of new supplies from Zaire.

Tin price rise sought

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA SAID it would present proposals for an upward revision of tin prices at the International Tin Council meeting in London in July.

Mr. Paul Leong, Malaysian Minister of Primary Industries, said the proposals would be in line with higher production costs and in view of the rapid depletion of workable tin land all over the world.

He said tin producing countries would meet in June in Manila to review the ITC's price range, and to prepare for the sixth ITC agreement, which should come into force in June 1981.

The current tin agreement price range is between a "floor" of 1,350 and a "ceiling" of 1,700 Ringgits per pikul. But the market price of the metal for the past year has been well above 1,800 Ringgits and is currently over 1,900 Ringgits.

UK nickel and platinum cheaper

By Our Commodities Editor

A CUT in the sterling price for nickel, effective from yesterday, has been announced by International Nickel.

Its price for plating nickel is reduced from £2,523.14 to £2,450.56 a tonne. The price calculated monthly based on the dollar/sterling exchange rate and the reduction merely reflects the decline in the value of the dollar against the pound.

Sterling price of platinum has also been cut by Rustenburg Mines from £164.50 to £159 a troy ounce because of the fall in the value of the dollar. Similar price cuts have been made for palladium, iridium and rhodium.

PESSIMISM IN U.S. OVER SUGAR POLICY

WASHINGTON—The Carter Administration's policy advisers are increasingly pessimistic about the chances for quick Congressional enactment of a new domestic sugar programme and Senate ratification of the International Sugar Agreement (ISA) before the June 30 deadline, reports Reuter.

Officials said the proposed legislation and ISA approval appear to be caught in a growing dispute involving various sweetener interests, factions within Congress, and the Administration.

One adviser said there was less than a 50 per cent chance that the Senate would ratify the ISA before June 30 now that domestic legislation has become "bogged down" in the House.

A White House agricultural analyst urged the Senate to ratify the ISA on its own merits. But Sen. Frank Church, who chairs the Senate foreign rela-

Good demand for wool

WELLINGTON—World-wide demand for wool is good, according to Mr. John Clarke, New Zealand Wool Board chairman, at a meeting of the Meat and Wool Board's electoral committee yesterday that John had bought 168,000 bales of New Zealand wool so far this season, 142 per cent more than in the same period of last season, while total exports in the first half of the season were up by 120,000 bales to 720,000.

Noting the Board's delegation to Taiwan, Hong Kong and Korea late last year and activity in the Far East, he said other major delegations are due to leave for China in three weeks. The Board was well aware of the potential that rapid industrialisation in China could have for New Zealand wool growers, he added.

Australia reluctant to join wheat pact

WASHINGTON—Australia is reluctant to become involved in a pact of major wheat producing nations, Mr. Douglas Anthony, Deputy Prime Minister and Minister for Trade and Resources said yesterday.

He said Australia's reservations about such an arrangement are partly because of the reaction of consuming, particularly developing, countries.

BRITISH COMMODITY MARKETS

BASE METALS

Commodity	Unit	Price
Copper	£/ton	108.5-109.5
Aluminium	£/ton	1,015-1,025
Zinc	£/ton	1,015-1,025
Nickel	£/ton	1,015-1,025
Platinum	£/oz	1,015-1,025

GRAINS

Commodity	Unit	Price
Wheat	£/cwt	108.5-109.5
Barley	£/cwt	108.5-109.5
Oats	£/cwt	108.5-109.5
Rice	£/cwt	108.5-109.5

WHEAT

Grade	Price
Hard	108.5-109.5
Soft	108.5-109.5

SOYABEAN MEAL

Grade	Price
46%	108.5-109.5
48%	108.5-109.5

WHEAT

Grade	Price
Hard	108.5-109.5
Soft	108.5-109.5

WHEAT

Grade	Price
Hard	108.5-109.5
Soft	108.5-109.5

PRICE CHANGES

Commodity	Change
Wheat	+0.5
Barley	+0.5
Oats	+0.5

WHEAT

Grade	Price
Hard	108.5-109.5
Soft	108.5-109.5

WHEAT

Grade	Price
Hard	108.5-109.5
Soft	108.5-109.5

EUROPEAN MARKETS

Commodity	Price
Wheat	108.5-109.5
Barley	108.5-109.5

EUROPEAN MARKETS

Commodity	Price
Wheat	108.5-109.5
Barley	108.5-109.5

EUROPEAN MARKETS

Commodity	Price
Wheat	108.5-109.5
Barley	108.5-109.5

INSURANCE BASE RATES

Property Growth	12%
Variation Guaranteed	10.50%

WILL 'SOFTS' BOOM NEXT?

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SILVER

Silver was fixed 0.2p an ounce lower for spot delivery in the London market yesterday.

COCOA

Initially easier but thereafter traded quietly within a narrow range, reported Gill and Duffon.

RUBBER

SLIGHTLY STEADIER opening on the London physical market. Little interest throughout the day, closing easier.

WOOL FUTURES

LONDON GREASY CLOSURE: order buyer, seller; May 263.0, 247.0; July 247.0-263.0; Oct. Dec., March, May, July and Oct. all 260.0-265.0. Sales nil.

MEAT/VEGETABLES

MEAT COMMISSION—Average fat-stock prices at representative markets on week ending March 31.

INDICES

FINANCIAL TIMES

Mar. 30 Mar. 29	108.5-109.5
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MOODY'S

Mar. 30 Mar. 29

108.5-109.5	108.5-109.5
-------------	-------------

REUTERS

Mar. 30 Mar. 29

108.5-109.5	108.5-109.5
-------------	-------------

COTTON

LIVERPOOL COTTON—Spot and ship ment sales in Liverpool.

GRIMSBY FISH

Supply poor, demand good. Prices at ship's side (unprocessed) per cwt: Small cod 14.00-15.00, medium 12.00-13.00, large 11.00-12.00.

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SUSAN ERDMANN on (London) 623 4646

DAVID THORNTON on (Bradford) 26472

LONDON: Plantation House, Fenchurch St. EC3-3 Bradford: 5, Wool Exchange

LONDON STOCK EXCHANGE

Gilts respond to hopes of Minimum Lending Rate cut Equities firm despite lack of institutional support

Account Dealing Dates
Option
*First Declared Last Account Dealings
Mar. 22 Mar. 23 Apr. 3
Mar. 26 Apr. 5 Apr. 6 Apr. 18
Apr. 9 Apr. 19 Apr. 20 May 1

Trade was much reduced from the higher levels of last week and included frequent small orders on public account with sellers having a slight edge. Many bid and breakfast deals were completed. The FT 30-share index reflected the drifting tendency with a gain of 2.5 at 10 am being whittled away to only 1.4 at the close of 532.2.

Traded options market fell to 1,016 compared with Friday's 1,791 and last week's daily average of 2,906. Among the more active stocks were Courtaulds, with 139 deals and Marks and Spencer with 145.

appointment with the preliminary results, and profit-taking after recent strength left falls of 6 and 15 respectively in Raters, 50p, and MFI Furniture, 340p. Harvey (Furniture) A dipped 4 to 55p and Alfred Pready 5 to 53p.

Macfarlane pleases
Miscellaneous
Industrial leaders saw no follow-through to early support and consequently drifted lower as the day progressed to close mixed.

Oil leaders better
Despite a rather low level of business, the Oil leaders traded on a firm note. British Petroleum rose to 119 1/2 and Shell touched 78 1/2 before settling at 76 1/2 for a rise of 5. Dollar premium influences, however, left Royal Dutch 1/2 lower at 44 1/2.

FINANCIAL TIMES STOCK INDICES
Table with columns for April, March 30, March 29, March 28, March 27, March 26, and a Year Ago. Rows include Government Securities, Fixed Interest, Industrial, Gold Mines, etc.

HIGHS AND LOWS S.E. ACTIVITY
Table with columns for High, Low, and S.E. Activity. Rows include Govt. Secs., Fixed Int., Ind. Ord., Gold Mines, etc.

after 110p. Southern Pacific Petroleum climbed 15 to 185p following American buying. South African Financials lost ground with Anglo American and De Beers both around 14 lower at 345p and 385p respectively.

LONDON TRADED OPTIONS
Table with columns for Option, Ex'rc'se price, Closing offer, Vol., Closing offer, Vol., Equity close. Rows include BP, BP, BP, etc.

Quiet at the outset, leading Breweries attracted a brisk afternoon business and closed at the day's best. Bass, 4 up at 215p, and Whitbread, 3 better at 123p, benefited from a broker's circular pointing to a broker's circular pointing to a broker's circular.

1979 Highs and Lows

From today, the changeover has been made from 1978 to current year high and low in the FT Share Information Service and associated statistics.

and Bonar added 4 to 202p following the results. Dwek Group hardened 1 1/2 to 16p but Gomme relinquished 2 to 69p.

NEW HIGHS AND LOWS FOR 1979

Table listing new highs and lows for 1979 across various sectors like Banks, Chemicals, etc.

Table with columns for BOC Intl, Boots, Boots, etc. and rows for various companies.

Following recent buoyancy, Stores started the week in a more subdued mood. A particularly firm market of late following good results, Banners came in for further investment support on favourable weekend Press comment and closed a further 18 to the good at 238p.

Motor Distributors again finished firmer; Dutton-Forsyth experienced a particularly good business day, weakly advertised component and closed 3 1/2 better at 52p.

uranium were notably weak in an otherwise uncertain Australian market following the unfortunate publicity given to the industry in the wake of the accident at the nuclear power plant in Pennsylvania.

RISES AND FALLS YESTERDAY
Table with columns for Rise, Down, and Size. Rows include British Funds, Foreign Bonds, etc.

OPTIONS

Table with columns for Issue Price, Amount Paid Up, etc. and rows for various options.

RECENT ISSUES

Table with columns for Issue Price, Amount Paid Up, etc. and rows for recent issues.

FIXED INTEREST STOCKS

Table with columns for Issue Price, Amount Paid Up, etc. and rows for fixed interest stocks.

FT-ACTUARIES SHARE INDICES

Table with columns for Index No., Day's Change, etc. and rows for equity groups and sub-sections.

THE QUEEN'S AWARDS FOR EXPORT AND TECHNOLOGY
Advertisement for the Queen's Awards for Export and Technology, featuring a crown logo and text about the awards.

RIGHTS OFFERS

Table with columns for Issue Price, Amount Paid Up, etc. and rows for rights offers.

ACTIVE STOCKS

Table with columns for Stock, Denomination, Closing Price, etc. and rows for active stocks.

Once again the time has arrived when industry and commerce receive deserved recognition for their performance in the shape of the Queen's Awards for Export and Technology 1979.

Financial Times itself, where the announcements of the Queen's Awards will be published on April 21, 1979.

Table with columns for Index No., Day's Change, etc. and rows for fixed interest price indices.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER
Advertisement for Financial Times, Europe's Business Newspaper, with contact information and a list of services.

Table with columns for Financial Times, Government Securities, etc. and rows for monthly averages of stock indices.

Table with columns for Index No., Day's Change, etc. and rows for monthly averages of stock indices.

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FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

BRITISH FUNDS

Table of British Funds with columns for Name, Price, Dividend, and Yield. Includes 'Shorts' (Lives up to Five Years) and 'Five to Fifteen Years'.

AMERICANS

Table of American Funds with columns for Name, Price, Dividend, and Yield. Includes 'Over Fifteen Years'.

INTERNATIONAL BANK CORPORATION LOANS

Table of International Bank Corporation Loans with columns for Name, Price, Dividend, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans with columns for Name, Price, Dividend, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Name, Price, Dividend, and Yield.

BONDS & RAILS—Cont.

Table of Bonds & Rails with columns for Name, Price, Dividend, and Yield.

AMERICANS

Table of American Bonds & Rails with columns for Name, Price, Dividend, and Yield.

CANADIANS

Table of Canadian Bonds & Rails with columns for Name, Price, Dividend, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Name, Price, Dividend, and Yield.

BANKS & HP—Continued

Table of Banks & HP with columns for Name, Price, Dividend, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Name, Price, Dividend, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Name, Price, Dividend, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Name, Price, Dividend, and Yield.

CHEMICALS, PLASTICS—Cont.

Table of Chemicals, Plastics with columns for Name, Price, Dividend, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Price, Dividend, and Yield.

ELECTRICAL AND RADIO

Table of Electrical and Radio with columns for Name, Price, Dividend, and Yield.

CHEMICALS, PLASTICS

Table of Chemicals, Plastics with columns for Name, Price, Dividend, and Yield.

ENGINEERING—Continued

Table of Engineering with columns for Name, Price, Dividend, and Yield.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools with columns for Name, Price, Dividend, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. with columns for Name, Price, Dividend, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS (Miscel)

Table of Industrials (Miscel) with columns for Name, Price, Dividend, and Yield.

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